



CALFED BAY-DELTA PROGRAM



ANNUAL REPORT 2000

"The CALFED plan sets a bold and decisive new course for California's economy and environment. By taking a balanced, responsible approach to water management, we can build a framework that benefits California's environment, economy, and urban and agricultural water users."

California Governor Gray Davis



"This plan reflects the very best thinking of the entire water community, including farmers, environmentalists and urban water users. This implementation plan will fund the largest ecosystem restoration in the country, and will improve water quality and supply reliability for over 22 million Californians. It sets a precedent for how our nation can balance environmental protection and economic growth."

Secretary of the Interior Bruce Babbitt



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DIRECTOR'S MESSAGE



As the new director of the CALFED Bay-Delta Program, I have had the opportunity in the last few months to meet with dozens of stakeholder groups, elected officials, and water leaders throughout the state. I am convinced that most of them want this ambitious, collaborative effort to succeed, but many are skeptical that the CALFED agencies can handle the transition from a planning process to implementing the most comprehensive water management plan in the nation.

Fortunately, the Program has been blessed with strong leadership from Governor Davis and his senior staff, California Resources Secretary Mary Nichols, Department of the Interior Deputy Secretary David Hayes, and the state and federal agencies and stakeholders now leading key elements of the Program.

As we begin the implementation phase of the Program, I believe that our success will depend largely on three factors:

First and foremost, meeting the aggressive milestones and commitments in the plan. We understand that the credibility of the Program depends upon our ability to meet these commitments, and we intend to deliver. As described in the following pages, I am pleased to report that we have met all of our end-of-year milestones, and are completing a budget that will allocate over a half a billion dollars in the first year to water supply, water quality, and ecosystem restoration projects throughout the Bay-Delta system.

Second, securing adequate resources to meet our future commitments. We are fortunate that the Governor, the Legislature, and the voters of California had the foresight to develop and pass two bond measures, Propositions 204 and 13, to provide a significant down payment on the state's share of funding. But without a strong financial commitment from our federal partners, the Program will not move forward.

Third, strengthening our partnerships with local and regional communities. The Program will be successful only if it supports and builds upon collaborative efforts to address water issues at the local or regional level. The Sacramento River Conservation Area, the Sates Reservoir Planning Memorandum of Understanding, the Yolo Basin Foundation, the Bay Area Blending Strategy, the San Joaquin River Restoration Program, and the Water Quality Exchange Partnership are just a few examples in this year's report of local groups that are seizing the initiative – with CALFED support and funding – to address the most critical water issues in their regions.

I look forward to working with our staff and partners in building upon these successes in the coming year.

Patrick Wright



CALFED AGENCIES & POLICY GROUP MEMBERS

STATE AGENCIES

California Dept. of Fish & Game
California Dept. of Food & Agriculture
California Dept. of Health Services
California Dept. of Water Resources
California Environmental Protection Agency
California Resources Agency
Delta Protection Commission
State Reclamation Board
State Water Resources Control Board

FEDERAL AGENCIES

National Marine Fisheries Service
Natural Resources Conservation Service
US Army Corps of Engineers
US Bureau of Land Management
US Bureau of Reclamation
US Dept. of Agriculture
US Dept. of the Interior
US Environmental Protection Agency
US Fish & Wildlife Service
US Forest Service
US Geological Survey
Western Area Power Administration

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EXECUTIVE SUMMARY

In the history of California water policy, June 9, 2000 will be remembered as an important milestone. After years of gridlock, the state and federal agencies that came together to form the CALFED Bay-Delta Program in 1995 issued a Framework for Action – the most comprehensive water management plan in the nation. As Governor Gray Davis said in announcing the Framework, “The CALFED Plan sets a bold and decisive new course for California’s economy and environment.”

On August 28, 2000, the leadership of the CALFED agencies signed the Record of Decision (ROD), formally approving the long-term plan for restoring ecological health and improving water management in the Bay-Delta system. The ROD establishes clear deadlines and commitments for each of the key elements of the Program.

One of the requirements of the ROD is the submission of an annual report in December of each year to the Secretary of the Interior, the Governor of California, the State Legislature and Congress. While the ROD does not require an annual report until 2001, the CALFED agencies believe that it is important to report on the progress we have made this year, and have therefore prepared this document – CALFED’s first annual report.

This first report for the CALFED Program clearly shows that the CALFED agencies have met the commitments in the Record of Decision for the year 2000. The report also provides budgetary and other management information, and a summary of legislative activity related to the Program.

CALFED Bay-Delta Program Accomplishments in 2000

Ecosystem Restoration Program

- Established a “single blueprint” – a framework for coordination among the resource management, conservation, and regulatory actions – for ecosystem restoration and species recovery in the Bay-Delta system.
- Established an ERP Science Board of internationally renowned scientists to improve the scientific integrity of the ERP.
- Awarded over \$100 million for 74 new ecosystem restoration projects selected through a rigorous technical and scientific review process.
- Monitored the progress and implementation of 266 ongoing ecosystem restoration actions.
- Established a team of resource management agencies and stakeholder experts to work with the Science Board in further developing the program.

Environmental Water Account

- Established an interagency EWA Team to acquire, store, and allocate water. The Team is developing and implementing the EWA.



- Completed the environmental review and acquired the first EWA assets.

Watershed Program

- Developed an initial strategy to guide program implementation through the first three years.
- Formed an Interagency Watershed Advisory Team to provide technical assistance to local watershed groups, and to coordinate and expedite permit reviews and approvals.
- Developed a grant program to support locally-based watershed projects throughout the Bay-Delta system in 2001.
- Began negotiations on a Memorandum of Understanding to ensure that related state and federal watershed programs are better coordinated.

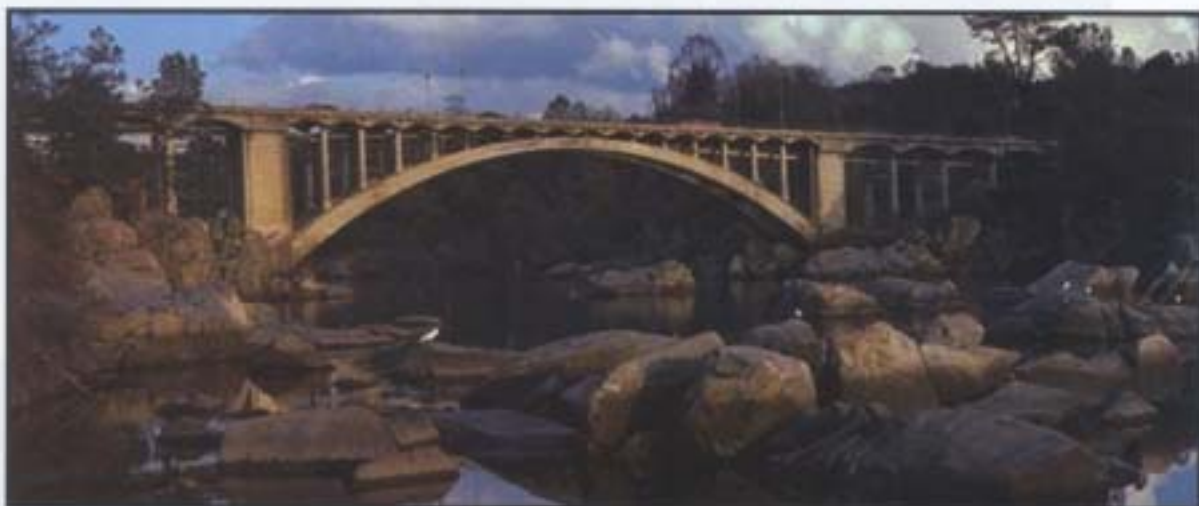


Water Management Program

- Developed a 2001 Operations Plan that describes how the state and federal water projects will coordinate their operations to integrate the Bay-Delta Accord, CVPIA, and Environmental Water Account requirements, and to provide water supply reliability assurances to Delta exporters.
- Allocated over \$200 million from Proposition 13 for short-term water supply and water quality improvements, including groundwater recharge and conjunctive use projects, irrigation system improvements, and grants and loans for water conservation and recycling.
- Completed deliberations on a Drought Contingency Plan to address the impacts of critical water shortages.
- Continued development of a framework for evaluating the benefits and costs of long-term water supply reliability options.

Storage Program

- Awarded \$2.15 million to five local agencies for locally controlled conjunctive use projects.
- Signed an agreement with local partners to develop a joint process to plan and evaluate the Sites Reservoir surface storage project.
- Initiated an evaluation of alternatives for surface and groundwater storage on the Upper San Joaquin River.



- Completed a report on storage opportunities in the Delta to support a federal authorization to move forward on the Delta Wetlands project.
- Completed six Memorandums of Understanding with local agencies to conduct sub-basin surface and groundwater storage planning studies.
- Developed a grant program to allocate funds for conjunctive use and groundwater management projects in 2001.

Conveyance Program

- Began studies related to the operation of the Delta Cross Channel gates to address fishery and water quality issues in the North Delta region.
- Completed 90 percent of the design work for the Tracy Fish Test Facility that will provide important information on the effectiveness of the South Delta fish screening program.
- Installed temporary barriers to improve fish migration and water supply reliability in the South Delta region until fully operable barriers are constructed under the South Delta Improvement Program.
- Developed a study plan for evaluating a screened diversion on the Sacramento River.

Water Use Efficiency Program

- Awarded over \$900,000 to local urban and agricultural agencies for seven water use efficiency pilot projects.
- Made significant progress on establishing quantifiable objectives for agricultural water use efficiency programs and on developing a certification process for Best Management Practices in urban areas.
- Developed a grant program to allocate CALFED funds to local agencies for water use efficiency programs in 2001.

Drinking Water Quality Program

- Launched the Drinking Water Quality Program (DWQP) in 2000 to better focus on the public health aspects of the Program.
- Developed a Drinking Water Quality Improvement Strategy outlining specific actions and milestones for Stage 1 of CALFED implementation.
- Awarded approximately \$2 million in federal funds for five projects to improve water quality in the Delta and to provide data that will guide future actions and decisions.
- Developed a grant program to assist local agencies with drinking water improvement projects in 2001.

- Developed and began a feasibility study of the re-circulation of water exported from the Delta through the state and federal water projects.

Water Transfers

- Developed and made operational the On Tap California Water Market Information web site.
- Continued development of actions to streamline the current state and federal review and approval processes.

Levee System Integrity Program

- Completed the Levee System Integrity Program Plan and developed an initial strategy to guide program implementation.
- Began work on developing a Delta Dredge and Reuse Strategy.
- Began work on refining a Delta Emergency Management Plan.

Science Program

- Hosted the first CALFED Science Conference.
- Hired a Lead Scientist, program manager, and associate program manager.
- Began to develop a science plan for each CALFED program, and a process to incorporate peer review into the science program.

Program Management

- Developed a sophisticated planning and tracking system to ensure that the ROD deadlines and commitments are met.
- Established a clearinghouse for obtaining permits and approvals of CALFED projects.
- Began development of an environmental justice work plan across all program areas.
- Conducted meetings and consultations to increase tribal involvement in the Program.
- Prepared an annual report to the Legislature and Congress.

Budget Summary

By drawing heavily upon state funds made available from the passage of Propositions 13 and 204, the CALFED Program met all of its milestones and most of its funding commitments in 2000. The first year budget includes \$586 million from state funds, \$42 million from federal agencies, and \$251 million from local sources. Without a much larger appropriation of federal funds next year, the Program will not meet its ROD commitments, and milestones for several programs and projects will be delayed.

Program Governance

The state Legislature considered, but did not pass this year, legislation to establish a new Bay-Delta Commission to oversee implementation of the Program. The CALFED agencies intend to seek new governance legislation in 2001 to provide leadership, accountability, and stakeholder involvement in the Program.



INTRODUCTION

The San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the Bay-Delta) is a region of critical importance to California. It is the hub of the state's water supply system, and an area of unsurpassed ecological importance for salmon, migratory waterfowl, and a host of other plants and animals. California's growing population has put increasing demands on the Bay-Delta and today it is an area beset by problems. Since 1995, state and federal agencies with regulatory or management responsibility in the Bay-Delta have been working together to solve the region's problems in a balanced way that offers benefits for all interests. The product of this effort is the CALFED Bay-Delta Program – a comprehensive effort to solve the interrelated problems of the Bay-Delta.

PROBLEMS AND SOLUTIONS

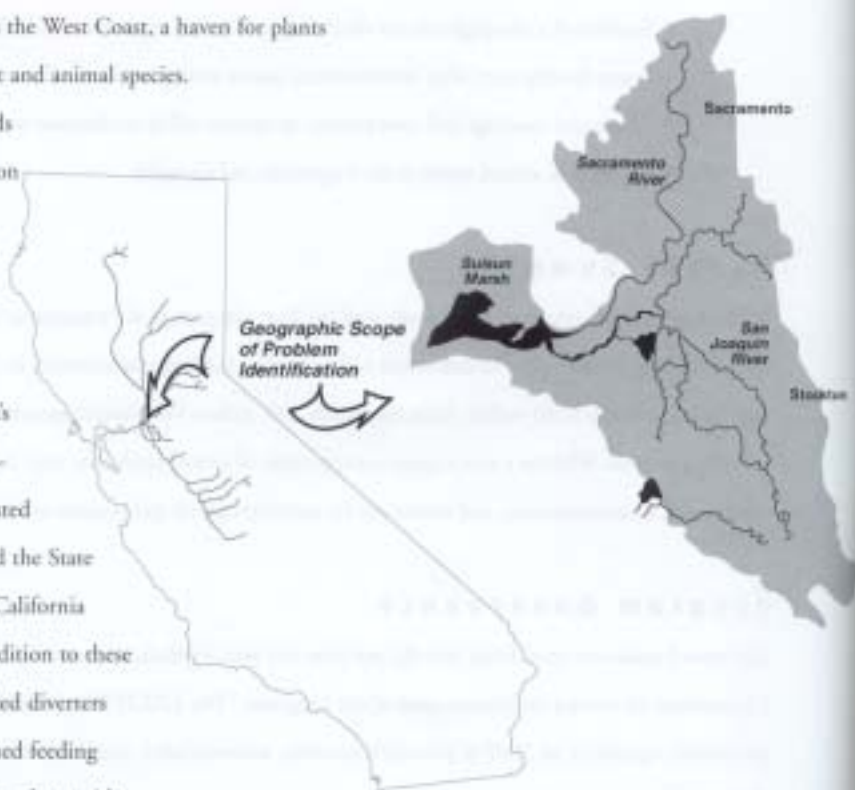
CALFED is working to solve problems in the legally defined Delta, Suisun Bay (extending to the Carquinez Strait), and Suisun Marsh. The geographic area for developing possible solutions includes a much broader area that extends both upstream and downstream of the Bay-Delta. This solution area is comprised of much of the state, and includes the tributary watersheds of the Bay-Delta and the Central Bay.

SETTING

The Bay-Delta is the largest estuary on the West Coast, a haven for plants and wildlife, supporting over 750 plant and animal species.

It supplies drinking water for two-thirds of the people in California and irrigation water for over 7 million acres of the most productive agricultural land in the world.

The Bay-Delta is the hub of California's two largest water distribution systems – the Central Valley Project (CVP) operated by the US Bureau of Reclamation, and the State Water Project (SWP) operated by the California Department of Water Resources. In addition to these two major projects, over 7,000 permitted diversions receive water supplies from the watershed feeding the Bay-Delta estuary. These diversions, along with





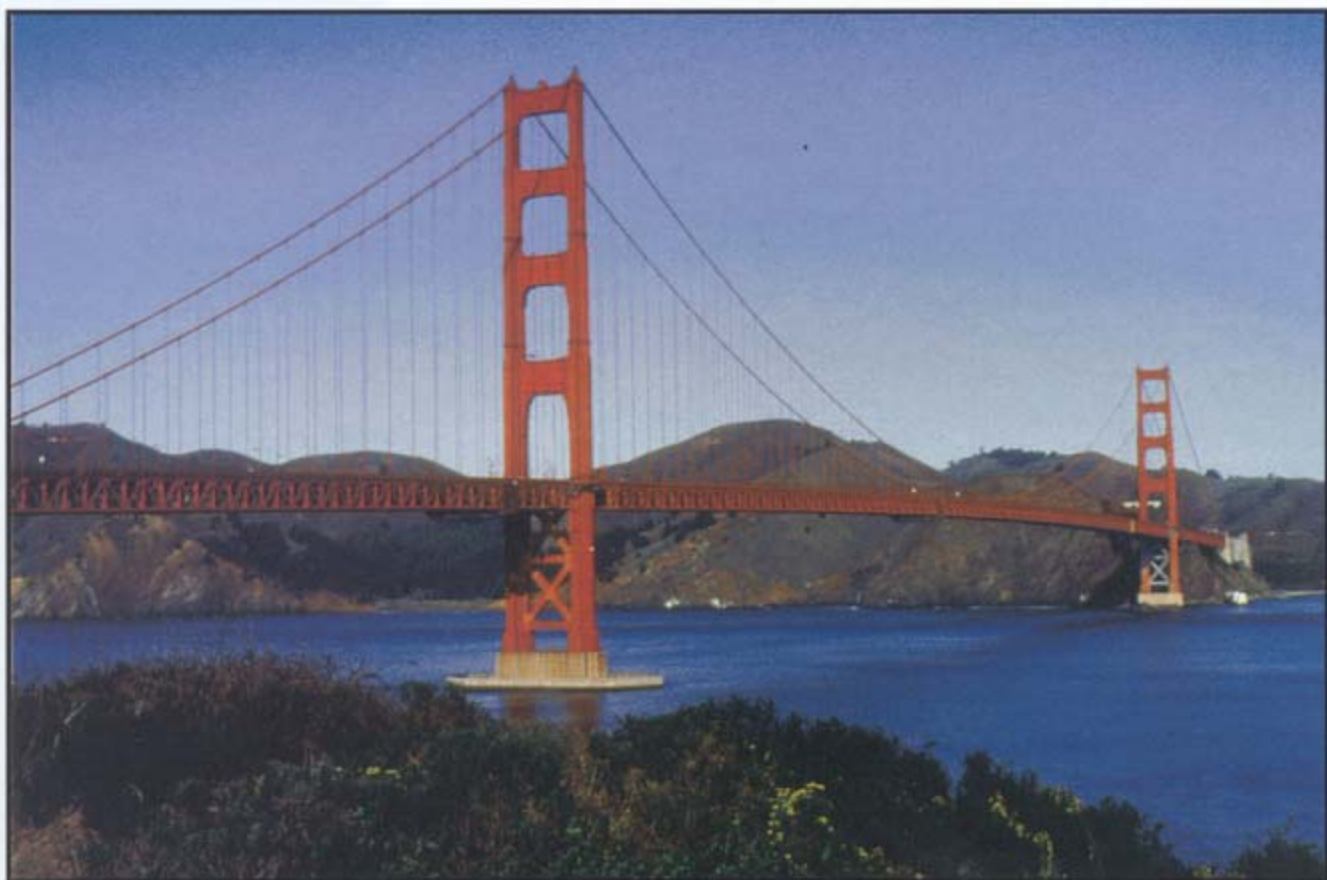
the introduction of exotic (non-native) species, water pollution, and numerous other factors have had a serious impact on the fish and wildlife resources of the estuary.

For decades, the Bay-Delta has tried to meet the competing demands of the environment and water users while maintaining good water quality and a levee system that protects local communities and infrastructure from flooding and contaminating the state's water supply. Today the Bay-Delta is not adequately meeting these needs.

THE CALFED BAY-DELTA PROGRAM

For decades, the Bay-Delta has been the focus of competing interests – economic, ecological, urban, and agricultural. These conflicting demands in the Delta have resulted in the decline of wildlife habitat; the threat of extinction of several native plant and animal species; the decline of one of the richest commercial fisheries in the nation; the degradation of Delta water quality; continued land subsidence on Delta islands; and a Delta levee system faced with a high risk of failure.

The CALFED agencies have identified four basic problem areas: ecosystem quality, water supply reliability, water quality, and levee system integrity. These problems – and their solutions – are interrelated. Single-purpose efforts to solve problems in the past have failed to adequately address the comprehensive nature of the Bay-Delta resources and



problems, and the conflicts between supply and demand. Instead of attempting to solve any single problem, CALFED has started with the recognition that many of the Bay-Delta's resource problems are interrelated, and a successful solution will address multiple problems.

Adaptive management is an essential program concept. No long-term plan for management of a system as complex as the Bay-Delta can predict exactly how the system will respond to Program actions. It is necessary to monitor the system continuously and adapt actions that are taken to restore ecological health and improve water management. The Program's objectives will remain fixed over time, but actions can and should be adjusted to assure that the solution is durable.

The CALFED Program is a cooperative state and federal effort. In addition to the CALFED agencies, representatives of agriculture, urban areas, environment, fishing, business, and rural counties have contributed to the process. The Bay-Delta Advisory Council (BDAC), a federally chartered citizens' advisory committee with over 30 members, provided formal comment and advice to the agencies during regularly scheduled public meetings. The BDAC provided recommendations on the CALFED solution that helped frame the issues addressed in the Record of Decision (ROD).

The CALFED Program will be implemented in stages over the next 30 years or more. Initially, the focus of implementation will be on the first seven years – referred to as Stage 1 – of implementation. Actions in the CALFED Program are organized into program elements: Ecosystem Restoration, Watersheds, Water Management, Storage, Conveyance, Water Use Efficiency, Drinking Water Quality, Water Transfers, Levee System Integrity, and Science.

PUBLIC INVOLVEMENT

The CALFED Program has maintained a strong commitment to public outreach and involvement. CALFED agencies have included members of the public in the development of every program component, from ecosystem restoration to financing. CALFED agencies have held hundreds of scoping meetings, technical workshops, public information meetings, and BDAC and related work group meetings. The Program publishes newsletters and information booklets, and supports a web site and toll-free public information telephone line.

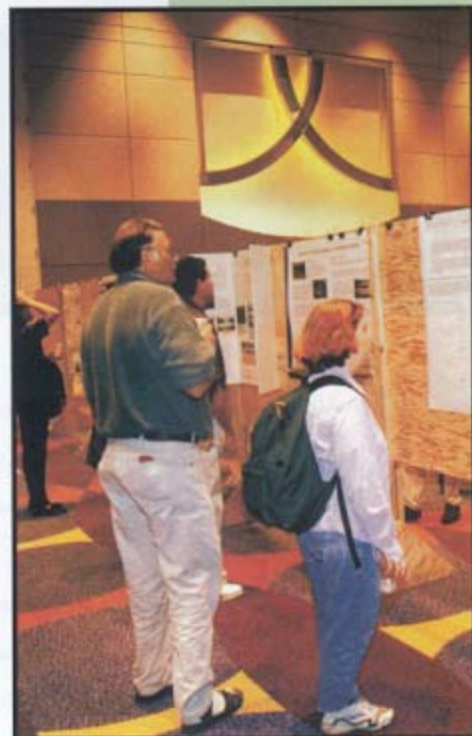
In addition to the many CALFED sponsored general public meetings and stakeholder workshops, 17 formal public hearings on the March 1998 Draft Programmatic Environmental Impact Statement/Environmental Impact Report (EIS/EIR) were held around the state in April and May 1998. During the formal public comment period, CALFED received over 1,800 comments that included 469 speakers at the hearings. Thousands of post cards and form letters were also received.

The release of the June 1999 Draft Programmatic EIS/EIR was followed by a 90-day public comment period. Sixteen formal public hearings were held in August and September 1999 at which approximately 800 people testified. Almost 1,500 letters and 2,400 postcards were received commenting on the Program. These comments were used to improve the program plans and assist in the development of the Preferred Program Alternative.

The CALFED Program has worked to involve California's diverse multi-cultural communities by producing fact sheets in five languages (Spanish, Chinese, Japanese, Korean, and Vietnamese), briefing multi-cultural business, media, social services, and agricultural organizations, and placing meeting notices in ethnic media outlets. Increasing awareness and knowledge among the multi-cultural communities is a continued goal of the Program's public outreach.

The CALFED agencies have also begun to meet with tribes and tribal representatives in order to increase tribal participation in the CALFED Program. This year, the CALFED Program made an initial investment to support increased tribal participation and outreach and to evaluate the impacts of the Program in tribal communities.

The CALFED agencies are committed to fulfilling their responsibilities to consult with the sovereign Native American Indian tribes that will be affected by the Program. CALFED agencies will encourage tribal knowledge of, and active and strong involvement





in, the implementation and evaluation of the CALFED Program. Formal project-specific consultation with tribes will be conducted on a government-to-government basis as future projects are identified that may potentially affect Native American trust assets.

The CALFED agencies are also working to address a range of environmental justice issues in the context of program implementation. Most notably, the CALFED agencies are working with environmental justice and community stakeholders to develop a comprehensive environmental justice work plan across all program areas. This work plan will ensure that these issues continue to be considered and addressed as the program is implemented.

MISSION, OBJECTIVES, AND SOLUTION PRINCIPLES

The mission of the CALFED Bay-Delta Program is to develop and implement a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta system. CALFED developed the following objectives :

- Provide good water quality for all beneficial uses.
- Improve and increase aquatic and terrestrial habitats and improve ecological functions in the Bay-Delta to support sustainable populations of diverse and valuable plant and animal species.
- Reduce the mismatch between Bay-Delta water supplies and current and projected beneficial uses depending on the Bay-Delta system.
- Reduce the risk to land use and associated economic activities, water supply, infrastructure, and the ecosystem from catastrophic breaching of Delta levees.

In the early stages of the CALFED Program, CALFED agencies, staff, and stakeholders developed the following “solution principles” to guide the development and implementation of the CALFED Program.

Reduce Conflicts in the System. Solutions will reduce major conflicts among beneficial uses of water.

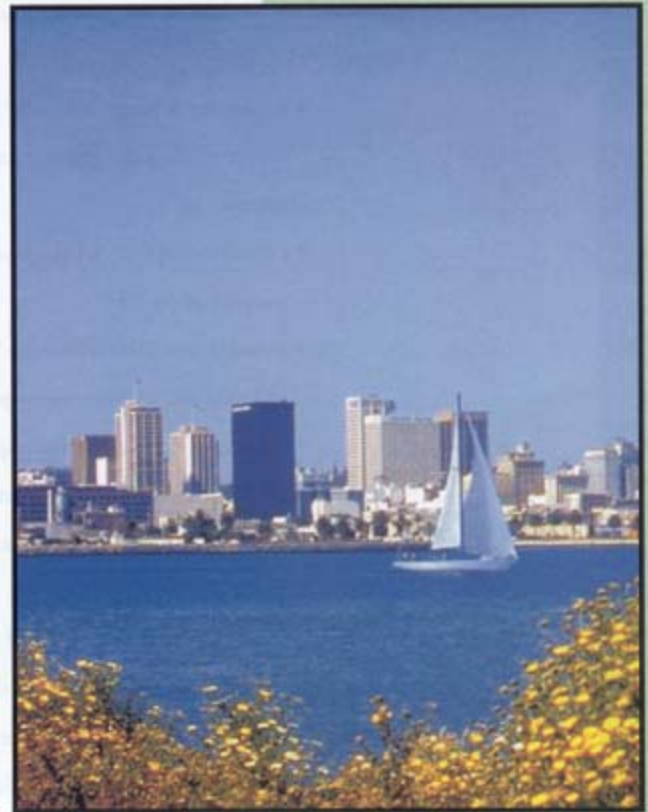
Be Equitable. Solutions will focus on solving problems in all problem areas. Improvements for some problems will not be made without corresponding improvements for other problems.

Be Affordable. Solutions will be implementable and maintainable within the foreseeable resources of the Program and stakeholders.

Be Durable. Solutions will have political and economic staying power and will sustain the resources they were designed to protect and enhance.

Be Implementable. Solutions will have broad public acceptance and legal feasibility, and will be timely and relatively simple to implement compared with other alternatives.

Have No Significant Redirected Impacts. Solutions will not solve problems in the Bay-Delta system by redirecting significant negative impacts, when viewed in their entirety, within the Bay-Delta or to other regions of California.





ECOSYSTEM RESTORATION

Since the inception of the Program, CALFED has made significant progress toward restoring the Bay-Delta system by investing in habitat restoration projects, and increasing our understanding of how the Bay-Delta system works through early studies and pilot projects. Ecosystem restoration actions improve the health of the Bay-Delta system, and help to reduce water management constraints in the system. During 2000 the Ecosystem Restoration Program (ERP) met its annual goals and ROD commitments through the following actions:

- Established a "single blueprint" – a framework for coordination among the resource management, conservation, and regulatory actions – for ecosystem restoration and species recovery in the Bay-Delta system.
- Established an ERP Science Board of internationally renowned scientists to improve the scientific integrity of the ERP.
- Awarded over \$100 million for 74 new ecosystem restoration projects selected through a rigorous technical and scientific review process.
- Monitored the progress and implementation of 266 ongoing ecosystem restoration actions.
- Established a team of resource management agencies and stakeholder experts to work with the Science Board in further developing the program.

GOALS AND OBJECTIVES: Through the Ecosystem Restoration Program and the Multi-Species Conservation Strategy (MSCS), the CALFED agencies have established a "single blueprint" – a framework for coordination among the resource management, conservation, and regulatory actions – for ecosystem restoration and species recovery within the geographic focus area of the ERP. Ecosystem restoration goals for the first seven years of implementation (Stage 1) were refined by CALFED agencies and stakeholders and included in the ERP Strategic Plan. These goals include:

- Achieve recovery of at-risk native species.
- Rehabilitate natural processes.
- Maintain and/or enhance populations of species for sustainable harvest.
- Protect and/or restore functional habitat types.
- Reduce the impacts of invasive species and prevent additional introductions.
- Improve and/or maintain water and sediment quality that support ecosystem health.



ACCOMPLISHMENTS: The 1994 Bay-Delta Accord included a commitment to develop and fund ecosystem restoration activities to improve the health of the Bay-Delta system. Actions funded under this program were selected for their ecological benefits, regardless of the final configuration of the CALFED Program. To date, CALFED has funded 266 projects for approximately \$256 million. In December 2000, 74 additional projects totaling \$104 million were approved.

To improve the scientific basis of the Program, CALFED commissioned nine white papers to assess the principal ecological processes, habitats, species, and stressors that are the focus of the ERP. Each white paper articulates conceptual models, identifies uncertainties and suggests means for addressing them, and helps refine ERP priority actions.

CALFED agencies are also working with local interests to improve fish passage through dams and diversions. For example, the Program celebrated the removal of Seltzer Dam in Shasta County and supported the Upper Yuba River Studies Program to evaluate the potential reintroduction of salmon and steelhead in the upper watershed.

Ecosystem restoration actions are planned and carried out in close coordination with other CALFED Program elements as well as other restoration and water management programs. Examples include joint planning for levee system integrity, flood management, and ecosystem restoration in the North Delta; water use efficiency to achieve quantifiable benefits related to streamflow, temperature, or water quality; and coordination with the Sacramento-San Joaquin River Basins Comprehensive Flood Management Study. In addition, the ERP will be informed by the Science Program, which will monitor and evaluate the implementation of the ERP actions and conduct pertinent research. CALFED has commissioned a world renowned group of scientific experts, the ERP Science Board, to advise and guide the implementation of the ERP Program.

PUBLIC PARTICIPATION: Because CALFED began funding projects in 1995, there has been more public participation in the Ecosystem Restoration Program than in any other CALFED Program element. The Bay-Delta Advisory Council (BDAC) and BDAC Ecosystem Roundtable have advised CALFED agencies about project selection for three years. Ecosystem Roundtable members represent environmental, urban, agricultural, Delta and recreational interests, and state and federal agencies. Meetings are open to the public and provide a forum to discuss annual ERP implementation plans, the proposal solicitation package, project selection process, and funding recommendations. The Roundtable's recommendations are presented to BDAC and the CALFED Policy Group.

ERP FISCAL SUMMARY: Funding of CALFED ecosystem restoration projects is a cooperative effort between state and federal agencies, stakeholders, and the public. CALFED has received ecosystem restoration funds from four primary sources, including approximately \$32 million from the California Urban Water Agencies, \$60 million from Proposition 204 State bond funds, \$190 million from the Federal Bay-Delta Act, and \$2 million from U.S. Environmental Protection Agency watershed funding. When the Record of Decision was signed, an additional \$390 million of state bond funds became available for CALFED ecosystem restoration. Ecosystem restoration funds are administered through the cooperative efforts of the CALFED agencies.

Ecosystem restoration projects may be selected as directed programs or through a public solicitation process. A directed program results when CALFED directs funds to a specific project activity identified because of its ability to help the program achieve its long-term ecosystem restoration goals. Projects selected as directed programs are identified through public and technical outreach and the use of the Strategic Plan for Ecosystem Restoration and long-term Ecosystem Restoration Plan. All ecosystem restoration projects go through a rigorous scientifically based selection process that involves agencies, stakeholders, and the public. The CALFED Policy Group makes funding recommendations to the California Secretary for Resources and the US Secretary of the Interior.

To date, CALFED has funded 266 projects for a total of approximately \$256 million. In December 2000, CALFED approved an additional 74 projects along with supporting pre-feasibility and scientific studies. Of these, 14 will be funded through the CVPIA, primarily through the Anadromous Fish Restoration Program that is coordinating with CALFED in implementing ecosystem projects. Types of projects funded have included fish screens, fish ladders, land acquisition, habitat restoration, and focused research and monitoring projects designed to provide information that will improve future restoration efforts. While projects are being selected, contracted for, and implemented, ERP expenditure rates remain low. In virtually all cases, ERP projects are funded as three year contracts, with the full project value being obligated. In several cases, for the project to move forward, large amounts of funding were required to be set aside for the project purpose. An example of this is the Battle Creek Project. In order for the parties to complete the contract negotiations, the full value of the project, \$28 million, needed to be set aside for the project purpose. These funds will not be expended for five years.

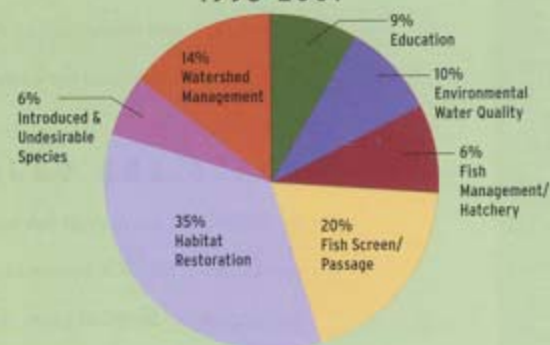
ECOSYSTEM RESTORATION PROGRAM STATUS 2000 End of Year

Funding Source	Total Amount Appropriated	Funds Approved for Projects	Misc. Admin. Contingency	Funds Obligated and/or Committed	Funds Expended to Date
Federal Bay-Delta Act	\$190 million	\$173.2 million (143 projects)	\$16.8 million	\$157 million	\$53.4 million
State Prop 204	\$450 million	\$157.5 million (135) projects)	\$7.4 million	\$47.3 million	\$22.8 million
EPA Watershed	\$2 million	\$2 million (4 projects)	\$0	\$2 million	\$1.2 million
Calif. Urban Water Agencies (CUWA)	\$32 million	\$28 million (44 projects)	\$4 million	\$22.3 million	\$15.2 million
TOTAL	\$674 million	\$360.7 million (326 projects) (9 programs)	\$28.2 million	\$228.6 million (63%)	\$92.6 million (26%)

NEXT STEPS: An open solicitation for ecosystem restoration projects is expected to take place each year. Goals for next year include:

- Complete the 2002 annual ERP Implementation Plan currently under development.
- Make available a new ecosystem restoration proposal solicitation in February 2001. Proposal review and selection is to occur in the spring and summer and initial funding recommendations by October 1. Next year's process will build on the current year, taking into account accomplishments of ongoing ecosystem restoration efforts, input from the Agency/Stakeholder Ecosystem Team and the ERP Science Board to refine priorities, while staying consistent with the ROD.

Types of Funded Projects 1995-2001



Funding Sources



Total Appropriation: \$674 million



ENVIRONMENTAL WATER ACCOUNT

An essential goal of the CALFED Program is to provide increased water supply reliability to water users while at the same time assuring the availability of sufficient water to meet fishery protection, restoration, and recovery needs as part of overall ecosystem restoration. The Environmental Water Account (EWA), a component of CALFED's Water Management Strategy, will allow environmental managers to use assets, including water and money, to provide greater flexibility in helping with fish species recovery. Along with the EWA Operating Principles that are part of the Record of Decision (ROD), accomplishments this year include:

- Established an interagency EWA Team to acquire, store, and allocate water. The Team is developing and implementing the EWA.
- Completed the environmental review and acquired the first EWA assets.

GOALS AND OBJECTIVES: The EWA was established to provide water for the protection and recovery of fish beyond water available through existing regulatory actions related to project operations. The EWA focuses on resolving the fishery and water diversion conflict at the CVP and SWP Delta export pumps. In recent years, these diversions have suffered the greatest fluctuations in water supply reliability due to conflicts with fishery needs. The EWA is a cooperative management program that will help to protect fish through environmentally beneficial changes in CVP/SWP operations at no uncompensated water cost to the projects' water users.

The CALFED agencies will acquire, bank, transfer, and borrow water and arrange for its conveyance for the EWA. The assets will be managed by the federal and state fishery agencies (US Fish & Wildlife Service, National Marine Fisheries Service, and California Department of Fish & Game) in coordination with project operators and stakeholders through the CALFED Operations Group. Having water available in the EWA gives decision-makers the flexibility they need to protect fish species, without adversely affecting water project operations.

ACCOMPLISHMENTS: The EWA Operating Principles list the tools available to the EWA team to acquire assets. Under these principles, the CALFED agencies can acquire and store water from willing sellers, exchange water, and bank or borrow water in order to meet its objectives.



PUBLIC PARTICIPATION: The EWA team makes monthly presentations to the CALFED Operations Group and has routinely provided updates to CALFED agency water users and environmental stakeholder groups.

NEXT STEPS: EWA staff is developing an on-going acquisition strategy based on need, availability, and cost. Future actions will include:

- Begin work on securing environmental review assets for Year 2 and beyond.
- Continue contacts with other water agencies for additional assets to the extent they are needed for Year 2001 operations.
- Prepare Change in Place of Use petitions before the SWRCB and a Response Plan for joint pumping to implement the EWA.
- Obtain a storage permit if any water is to be stored either on the surface or in the ground by the EWA.
- Continue working with the CALFED Science Program to complete the EWA Operations Review Plan and EWA performance measures.
- Establish and use, in coordination with the Science Program, a scientific review panel to evaluate the progress of the EWA.



WATERSHEDS

Watershed programs traditionally have a single-objective, such as water quality or stream restoration. The CALFED Watershed Program is the first to recognize that locally-led watershed activities can yield multiple benefits, both locally and statewide. The CALFED Program is designed to help meet all CALFED agency objectives: a healthy ecosystem, improved water quality, greater supply reliability, and a stronger Delta levee system.

With the Programmatic Watershed Program Plan finalized, the Watershed Program achieved accomplishments this year that also help lay the groundwork for future activities, including the following:

- Developed an initial strategy to guide program implementation through the first three years.
- Formed an Interagency Watershed Advisory Team to provide technical assistance to local watershed groups, and to coordinate and expedite permit reviews and approvals.
- Developed a grant program to support locally-based watershed projects throughout the Bay-Delta system in 2001.
- Began negotiations on a Memorandum of Understanding to ensure that related state and federal watershed programs are better coordinated.

GOALS AND OBJECTIVES: The two goals of the Watershed Program are to provide assistance, both financial and technical, for watershed activities that help achieve the mission and overall objectives of CALFED, and to promote collaboration and integration among existing and future local watershed programs.

The Watershed Program developed an initial "programmatic" strategy to guide implementation for the first two to three years. This strategy demonstrates the value and contributions of watershed management using a community based and locally led approach to achieving CALFED goals for the Bay-Delta system and broader solution area. The technical and financial resources made available by the state and federal governments will be used to implement the program.

As part of this initial demonstration effort, during the first two to three years of implementation, the Watershed Program will develop and conduct a program and activity evaluation process. The objective of the evaluation process is twofold. First, it will provide information about the performance and effects of selected implementation activities. Second, it will help CALFED agencies, program stakeholders, and local Communities to better determine and quantify the contributions of various watershed management activities to the health and productivity of the Bay-Delta system. With the additional information gained from this evaluation effort, CALFED agencies will refine the Watershed Program Plan by developing a Strategic Plan for Long-Term Implementation. This Strategic Plan will be much more specific than the current programmatic document, and will become, along with the adaptive management process, the primary guide for long-term implementation of the Watershed Program.



ACCOMPLISHMENTS: CALFED agencies initiated actions to complete Watershed Program commitments made in the Record of Decision (ROD) and Framework Agreement. Key actions completed include:

- Developed an initial strategy to guide program implementation through the first three years.
- Formed an Interagency Watershed Advisory Team that will focus on implementation and technical aspects of the Program.
- Developed all components of a grant solicitation process in preparation for a 2001 solicitation for proposals.
- Began negotiations on a Memorandum of Understanding that will describe and assign responsibilities for long-term implementation of the Program.

To date, no money has been made available to implement either the financial or technical assistance components of the Watershed Program. The Program anticipates that funding for implementation will be available in early 2001.

PUBLIC PARTICIPATION: The programmatic plan, initial implementation strategy, and all other aspects of the Watershed Program were developed with extensive stakeholder involvement. The primary stakeholder involvement comes through the Bay-Delta Advisory Council's Watershed Work Group. More than 400 people have participated in the work group. Most of the participants are actively involved in advising on both the planning and early implementation activities of the Watershed Program.

The Watershed Work Group also has been a primary forum for involving the environmental justice community and tribal governments in the development of the CALFED Watershed Program Plan.

NEXT STEPS: Future actions include:

- Conducting a grant program when funding is made available in 2001.
- Developing a Strategic Plan for Long-Term Implementation that will be much more specific and serve as the primary guide for watershed actions.



WATER MANAGEMENT

Using a broad array of water management tools, CALFED's Water Management Program seeks to improve California's water supply reliability. The Water Management Program met its first year goals through the following actions:

- Developed a 2001 Operations Plan that describes how the state and federal water projects will coordinate their operations to integrate the Bay-Delta Accord, CVPIA, and Environmental Water Account requirements, and to provide water supply reliability assurances to Delta exporters.
- Allocated over \$200 million from Proposition 13 for short-term water supply and water quality improvements, including groundwater recharge and conjunctive use projects, irrigation system improvements, and grants and loans for water conservation and recycling.
- Completed deliberations on a Drought Contingency Plan to address the impacts of critical water shortages.
- Continued development of a framework for evaluating the benefits and costs of long-term water supply reliability options.

GOALS AND OBJECTIVES: The goal of the Water Management Program is to improve water supply reliability by reducing the mismatch between Bay-Delta water supplies and current and project beneficial uses dependent on the Bay-Delta system. In addition to projects described in the storage, conveyance, water use efficiency, and transfer program reports, the CALFED agencies are seeking to improve water supply reliability in the short-term by developing a 2001 Operation Plan with an Environmental Water Account, and a Drought Contingency Plan. The CALFED agencies also continued development of a framework for evaluating the benefits and costs of long-term water supply reliability options.

ACCOMPLISHMENTS: To address short-term water supply and water quality needs, the CALFED agencies allocated over \$200 million to local agencies that draw supplies from the Delta. These include irrigation system improvements, ground water recharge and conjunctive projects, and grants and loans for water conservation and recycling.

The CALFED agencies developed an Operations Plan that describes how the state and federal projects will coordinate their operations in the 2000-2001 water year. The Plan integrates the Bay-Delta Accord,



CVPIA, and Environmental Water Account programs to improve conditions for Delta fisheries, and provides water supply reliability assurances for Delta exporters. The Governor convened an Advisory Drought Planning Panel to develop a contingency plan to reduce the impacts of critical water shortages in California. Building on experience gained from the 1987-92 drought, the plan address available resources, appropriate funding mechanisms, and commits CALFED agencies to facilitate and expedite water transfers with legal requirements.

CALFED agencies are in the process of formulating a long-term decision making framework for evaluating the performance of CALFED's water supply reliability actions. The framework will document overall CALFED Program objectives and predict performance according to quantifiable measures. The report will apply the framework to the major components of Stage 1, and provide preliminary forecasts of the benefits that could result from those investments.

PUBLIC PARTICIPATION: Stakeholders are actively involved in all aspects of the Water Management Program. The CALFED agencies held workshops and meetings throughout the development of the 2001 Operations Plan, the Drought Contingency Plan, and the Water Management Framework.

NEXT STEPS: In the year 2001, the CALFED agencies will:

- Refine the 2001 Operations Plan through the CALFED Operations Group.
- Further develop and implement the Drought Contingency Plan.
- Engage management and decision-makers in the concept and benefits of a long-term decision-making framework.





STORAGE

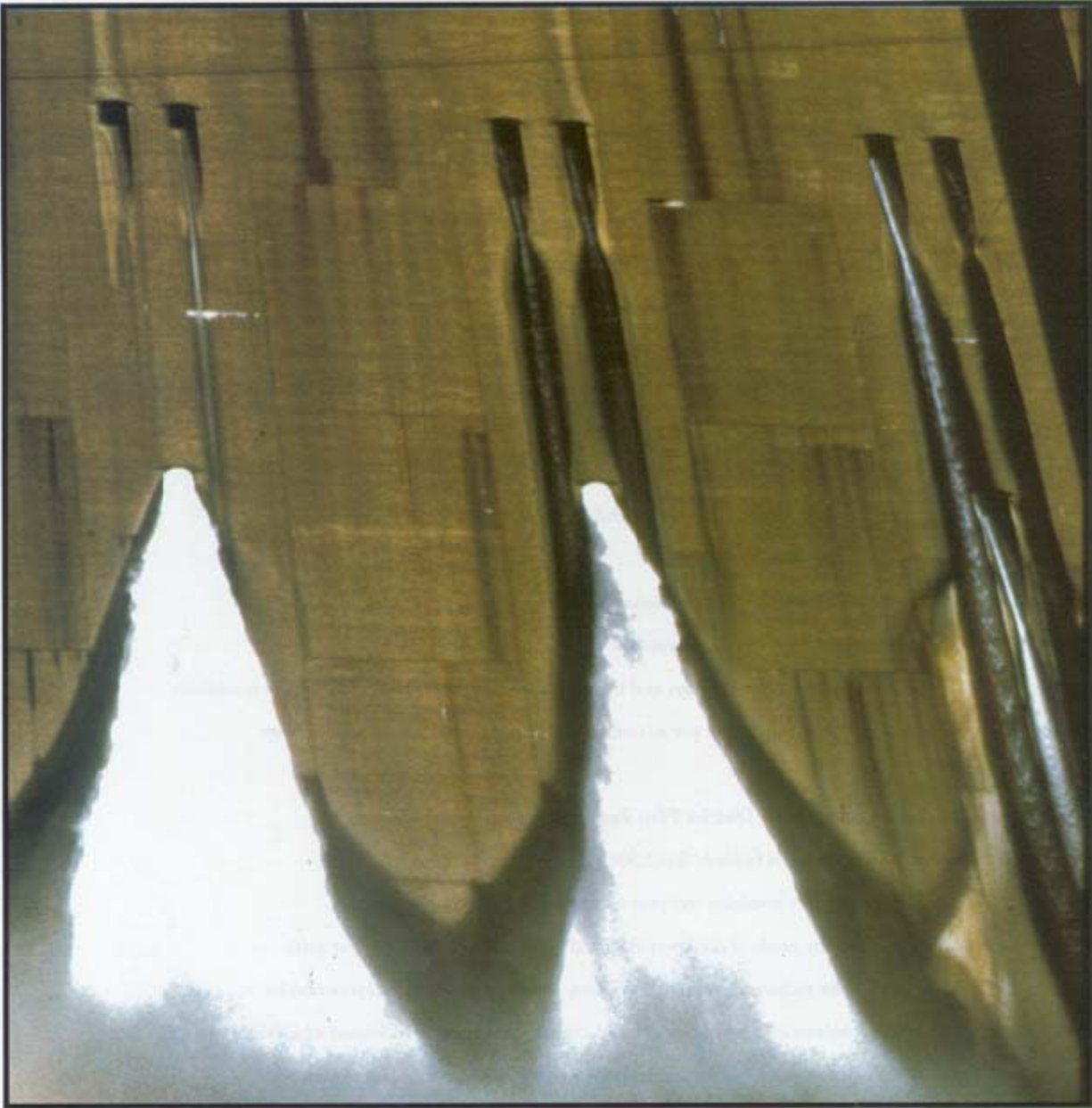
Expanding water storage capacity – in both surface water reservoirs and underground aquifers – is critical to the successful implementation of all aspects of the CALFED Program. The Storage Program has successfully met all first year goals including the following actions:

- Awarded \$2.15 million to five local agencies for locally controlled conjunctive use projects.
- Signed an agreement with local partners to develop a joint process to plan and evaluate the Sites Reservoir surface storage project.
- Initiated an evaluation of alternatives for surface and groundwater storage on the Upper San Joaquin River.
- Completed a report on storage opportunities in the Delta to support a federal authorization to move forward on the Delta Wetlands project.
- Completed six Memorandums of Understanding with local agencies to conduct sub-basin surface and groundwater storage planning studies.
- Developed a grant program to allocate funds for conjunctive use and groundwater management projects in 2001.

GOALS AND OBJECTIVES: The Storage Program will continue to seek the additional water storage needed for a growing population and to provide the much needed flexibility to improve water quality and restore ecosystem health to the Bay-Delta system. Additional surface and groundwater storage will provide water for the environment, provide flows to maintain water quality, and provide flood protection, as well as improve water supply reliability.

CALFED is focusing on off-stream storage sites for new storage and considering expansion of existing on-stream storage sites. No new on-stream sites will be pursued. New storage sites will be implemented concurrently with water conservation and recycling, transfers, and groundwater conjunctive use as components of a comprehensive strategy for improving water supply reliability. CALFED agencies will pursue partnerships with local entities and potential beneficiaries for planning and funding storage projects. Feasibility studies and environmental review will be conducted for those sites selected in the ROD that will improve water quality, water supply reliability, and the ecosystem health.

CALFED agencies will support locally controlled and managed groundwater conjunctive use projects with financial and technical assistance. The Program will partner with local agencies and organizations to improve sub-basin wide surface and groundwater management, as well as develop conjunctive use programs.



ACCOMPLISHMENTS: The CALFED agencies have met all of the first year ROD commitments. Accomplishments include:

Awarded \$2.15 million to five local agencies for the following locally controlled conjunctive use projects:

Kern-Tulare Conjunctive Use Project by Kern-Tulare

Water District - Amount funded: \$462,000

This project will use existing facilities to recharge the groundwater basin with existing contract rights during wet years. Grant funds will be used to construct extraction wells to withdraw the recharged water during dry periods.

Anderson-Cottonwood Irrigation District Conjunctive Use Program

by Anderson Cottonwood Irrigation District - Amount funded: \$300,000

This project will use grant funds to construct up to 12 monitoring wells as part of the first phase of a two phase project. The monitoring wells will be used to characterize canal seepage, groundwater flow direction and rate of movement, changes in water levels and the economic, institutional, and environmental impacts of developing a supplemental groundwater supply. The future Phase 2 would include extraction wells to provide a 10,000 acre-feet supplemental supply to the district per recommendations that result from Phase 1 activities.

City of Tracy Aquifer Storage and Recovery Project by the City of Tracy - Amount funded: \$462,500

This project will construct an aquifer storage and recovery well, four monitoring wells, and pipelines to store treated surface water in the Tracy area aquifer. The project will bank 2,000 acre-feet per year of treated Delta-Mendota Canal contract water. Extraction will depend on dry year needs and storage availability.

Murphy Crossing Project by Pajaro Valley Water Management Agency - Amount funded: \$462,500

This project will construct facilities to divert water from the Pajaro River during high flow, convey the water to recharge basins for groundwater storage, and then extract the water when needed. Water is available from the Pajaro when flow exceeds 90 cubic feet per second, generally mid-January through mid-May.

North San Joaquin Water Conservation District Pilot Recharge Project

by North San Joaquin WCD - Amount funded: \$462,500

This project is a five-year pilot project involving wet-year water from the Mokelumne River. Wet-year water that is surplus to the needs of the lower river and Delta will be spread on four acres of ponds. Up to 50 percent of the recharged water, minus losses, would be available for extraction by wells for discharge into the Mokelumne River during dry and critically dry years. The impact of DBCP (dibromochloro propane) on groundwater quality and its implications for larger-scale conjunctive use projects would also be evaluated.

Other accomplishments of the storage Program include:

Shasta Enlargement: US Bureau of Reclamation (USBR) completed the "Appraisal Assessment of the Potential for Enlarging Shasta Dam and Reservoir." A project management team has been assembled and is developing the plan of study. Pre-feasibility data collection is continuing, including aerial surveys to determine the extent of inundation. USBR has had several meetings with local interests and public officials to provide information on the process and likely study alternatives.

In-Delta Storage: USBR and DWR completed an appraisal level assessment study of the Delta Wetlands Project, including background work to support future feasibility study efforts, including cost estimates and operation studies for alternative in-Delta storage configurations. USBR is seeking federal authorization for feasibility analysis.

Los Vaqueros Enlargement: Contra Costa Water District has drafted a feasibility study scope of work for DWR review that details project management responsibilities, environmental studies, engineering studies, schedule, and budget.

Sites Reservoir: CALFED agencies completed a Memorandum of Understanding with local representatives for partnering in this study. CALFED agencies completed a progress report on the North of Delta Off-stream Storage Investigation and work continues on this feasibility study.

Upper San Joaquin River Storage: Consistent with the ROD, an evaluation of alternatives for surface and groundwater storage on the Upper San Joaquin River was initiated.

Conjunctive Use: In addition to the \$2.15 million awarded to five local agencies for locally controlled conjunctive use projects, DWR completed six MOUs with local agencies to conduct sub-basin surface and groundwater storage planning studies. Groundwater conjunctive use grant application materials have been prepared for 2001.

PUBLIC PARTICIPATION: There has been extensive public involvement in the process of evaluating storage projects. Public workshops were held for the Shasta Enlargement Project and the North of Delta Off-stream Storage Investigation. To support groundwater projects, the Conjunctive Use Advisory Team and various groundwater sub-basin planning process meetings were held with local stakeholders and representatives.

NEXT STEPS: In 2001, CALFED will continue with the following actions to support the Storage Program:

- Pursue feasibility study for Sites Reservoir.
- Continue surface storage studies.
- Form a joint DWR/USBR study of in-Delta storage, including the Delta Wetlands Project.
- Develop partnerships with local representatives to initiate studies of Los Vaqueros Reservoir enlargement and Upper San Joaquin River surface storage and sub-basin wide conjunctive water management planning.
- Implement Proposition 13 financial assistance programs for conjunctive use projects.





CONVEYANCE

Flexible and efficient movement of water through the Bay-Delta system – conveyance – is integral to achieving CALFED's water supply reliability goals. Modification of the existing conveyance system also benefits the ecosystem, water quality, and levee system integrity within the Bay-Delta system. CALFED has met all of the first year commitments for through-Delta conveyance, and North and South Delta conveyance, including the following actions:

- Began studies related to the operation of the Delta Cross Channel gates to address fishery and water quality issues in the North Delta region.
- Completed 90 percent of the design work for the Tracy Fish Test Facility that will provide important information on the effectiveness of the South Delta fish screening program.
- Installed temporary barriers to improve fish migration and water supply reliability in the South Delta region until fully operable barriers are constructed under the South Delta Improvement Program.
- Developed a study plan for evaluating a screened diversion on the Sacramento River.

GOALS AND OBJECTIVES: The goal for Delta conveyance is to identify and implement conveyance features that will improve water supply reliability for in-Delta and export water users, support continuous improvement in drinking water quality, and complement ecosystem restoration. To accomplish this, improvements are needed in the pumping operations of the State Water Project (SWP) export facilities to reliably provide diversion capability up to 10,300 cubic feet per second (cfs). Agricultural and fish barriers are also needed to enhance diversion capabilities by South Delta farmers and enhance fish migration. Dredging is planned to improve channel depth and water flow for navigation and agricultural purposes. The goals for North and South Delta improvements are designed to address flood control, water quality, fisheries enhancement, and water supply reliability.

The ROD adopts a through-Delta approach for water conveyance improvements and water quality enhancement. The strategy is to improve the Delta's ecological health prior to or concurrent with significant construction actions and to obtain scientific data on the best operational practices to protect fish. This is best illustrated with the U.S. Bureau of Reclamation's (USBR) Tracy Fish Test Facility (TFTF), that, when completed in early 2003, will be the most advanced test facility of its kind, providing research data on screening facilities in the Delta. The CALFED agencies will be able to determine the best methods of protecting fish near pump intakes and for handling and transporting fish from the screening facilities.



Proposed North Delta improvements include modifying and improving Delta Cross Channel gate operations, dredging and/or setback levees on the Mokelumne River, and creating additional floodplain, wildlife, and fish habitat. CALFED also will study and evaluate a screened through-Delta diversion facility on the Sacramento River with a range of diversion capacities up to 4,000 cfs. Actions in the North Delta are to improve steelhead and salmon survival ability, and improve water quality and water supply reliability. The Department of Water Resources (DWR) and USBR will co-manage conveyance program actions.



ACCOMPLISHMENTS: The following goals were met this year:

- Developed a specific study plan and funded studies for a screened Sacramento River through-Delta diversion facility.
- Began operational studies to address fishery and water quality concerns for the Delta Cross Channel in the North Delta region.
- Achieved 90 percent design completion for the TFTF, leading to construction completion by early 2003.
- Initiated studies for potential infrastructure improvements in the Eastern San Joaquin Valley (Sierra Nevada) watershed.
- Installed temporary barriers that will be operated until fully operable barriers are constructed under the South Delta Improvement Program. Took actions to safeguard navigation and local diverters not adequately protected by the temporary barriers program.
- Completed a North Delta solicitation package with the contract award anticipated by the year's end for environmental documentation preparation.
- Completed recommendation for co-management of the conveyance program.

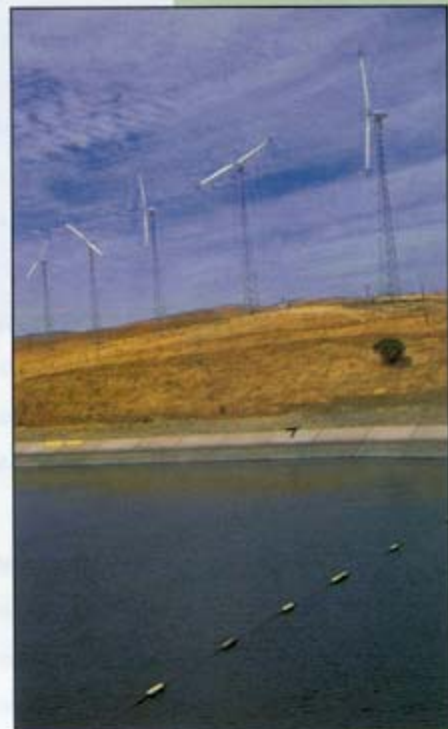
Complementary to the CALFED work is the US Army Corp of Engineers (USACE) Comprehensive Flood Control Study, which will include flood control and ecosystem restoration actions within the San Joaquin and Sacramento River watersheds, including portions of the Delta. CALFED has initiated coordination meetings with the USACE.

PUBLIC PARTICIPATION: The South Delta Improvements Team (SDIT) has met regularly to discuss and resolve water quality, water supply, and ecosystem restoration issues. Members of the team include local, state and federal agencies. Public meetings are conducted quarterly in the South Delta to address agricultural, recreational, and land use issues. The North Delta Improvements Team (NDIT) also meets regularly and has produced a white paper about North Delta improvements, evaluating possible solutions for flood control and ecosystem improvements that are to be considered in the future North Delta Environmental Impact Statement/Environmental Impact Report (EIS/EIR). The North Delta Stakeholders Group has met periodically to identify important agency issues to consider in developing an action plan.

The North Delta Improvements Program also participates in, and facilitates, the Mokelumne-Cosumnes Watershed Alliance (MCWA). MCWA is comprised of project managers currently planning projects in the watersheds. MCWA provides a forum for comprehensive, integrated, watershed-wide problem solving while emphasizing local participation.

NEXT STEPS: The next steps for the Conveyance Program are:

- Completing environmental documentation for the proposed South Delta Improvements Project (permanent barriers and new Clifton Court intakes and fish screens).
- Starting construction on the Tracy Fish Test Facility in April 2001.
- Undertaking fisheries study work and successfully completing the environmental documentation contract in the North Delta.





WATER USE EFFICIENCY

The CALFED Water Use Efficiency (WUE) Program is one of the cornerstones of CALFED's water management strategy. The WUE Program is unique nationally in its magnitude and its aggressive approach to water management. Elements of the WUE Program include agricultural, urban, water recycling, and managed refuges. The WUE Program is based on the recognition that although efficiency measures are implemented locally and regionally, the benefits accrue at local, regional, and statewide levels. The WUE Program has met all of its first year commitments. Accomplishments completed this year include:

- Awarded over \$900,000 to local urban and agricultural agencies for seven water use efficiency pilot projects.
- Made significant progress on establishing quantifiable objectives for agricultural water use efficiency programs and on developing a certification process for Best Management Practices in urban areas.
- Developed a grant program to allocate CALFED funds to local agencies for water use efficiency programs in 2001.

GOALS AND OBJECTIVES: The goal of the WUE Program is to develop a set of programs and assurances that contribute to CALFED goals and objectives, have broad stakeholder acceptance, foster efficient water use, and help support a sustainable economy and ecosystem.

Objectives of the WUE Program are:

- Build on existing water management programs.
- Reduce existing irrecoverable losses.
- Achieve multiple benefits.
- Preserve local flexibility.
- Use incentive-based actions over regulatory actions.
- Provide assurance of high water use efficiency.

The WUE implementation strategy is to provide tools to local water suppliers and water users to improve water use efficiency. These tools include financial and technical assistance, research, and development of detailed milestones to assure Program goals will be met.

CALFED agencies will provide funding for low-interest loans through a revolving fund to help water suppliers overcome financial barriers to implementing locally cost-effective practices. Financial incentives in the form of grants or cooperative agreements also will be used to motivate water suppliers and users



to implement conservation practices beyond the locally cost-effective level of BMPs and Efficient Water Management Practices (EWMPs). The incentive program incorporates two key principles – incentives are an effective way of unlocking the creativity and motivation of local entities, and it is appropriate to invest public funds in projects that provide public benefits.

Local water suppliers will receive technical assistance from in-house and agency specialists to help them overcome technical barriers to implementing locally cost-effective practices and to improve efficiency through water recycling. A key part of the assistance will be making sure information is readily available.



Mechanisms to help assure Program goals will be met include: agricultural WUE quantified objectives being developed through next year, urban BMP certification, and appropriate water measurement. CALFED has committed to drafting legislation that requires appropriate measurement of water for all water users in California, and monitoring and adaptive management to allow for refinement of conceptual models and reaction to new conditions. BMP certification is a proposal being developed with stakeholder involvement that will ensure urban water supplies implement locally cost-effective BMPs.

ACCOMPLISHMENTS:

- Awarded funds to local agencies for seven WUE pilot projects to improve water conservation efforts and water use efficiency.

Urban:

- Chino Basin Urban Water Use Efficiency Project by Inland Empire Utilities Agency (\$125,000)
- Water Consumption Controller by Municipal Water District of Orange County (\$200,000)
- River Park Water Use Efficiency Project by the City of Sacramento (\$150,000)

Agriculture:

- Yolo Resource Management Monitoring & Extension by the Yolo County Resource Conservation District (RCD) (\$200,000)
- Irrigation District Rapid Assessment by Cal Poly Irrigation Training and Research Center (\$35,000)
- Rapid Canal Seepage Assessment by the Center for Irrigation Technology (\$98,000)
- West Stanislaus Erosion Control Quantification by West Stanislaus RCD (\$125,000)
- Made significant progress on establishing agricultural quantifiable objectives and an urban Best

Management Practices certification process.

- Developed components of a grant and loan solicitation process in preparation for a 2001 solicitation for proposals.

PUBLIC PARTICIPATION: Stakeholders have contributed significantly to developing the WUE Program. Much of their participation was through steering and ad hoc committees and work groups. Examples include the Agricultural WUE Steering Committee, a consensus-based advisory group that included four agricultural, four environmental, four CALFED agencies and two Agricultural Water Management Council representatives. This steering committee provided advice and key concepts to the agricultural portions of the WUE Program. Similar input was gathered through the Urban Ad Hoc WUE Committee and the Recycling Ad Hoc Committee. These two entities also had broad stakeholder representation and operated through a consensus process. In addition to periodic meetings of stakeholder committees, meetings and workshops were conducted to disseminate recent results and solicit input. For example, three technical workshops were conducted in October to provide the status and background to develop the agricultural quantifiable objectives.

NEXT STEPS: Upcoming tasks for 2001 include:

- Continuing efforts on refining agricultural quantifiable objectives and the urban BMP certification process.
- Working on more detailed milestones to achieve WUE goals.
- Convening an expert panel to define appropriate measurement of conserved water.
- Soliciting and awarding WUE grants and loans.
- Developing and implementing technical assistance programs.
- Forming a WUE Public Advisory Committee.





DRINKING WATER QUALITY

Safe drinking water is important to all Californians – and to the state and federal agencies that comprise the CALFED Bay-Delta Program. One of the objectives of the CALFED agencies is to ensure continuous improvements in the water quality of the Bay-Delta for all beneficial uses. The Drinking Water Quality Program (DWQP) has met all of its first year commitments. Accomplishments include the following actions:

- Launched the Drinking Water Quality Program (DWQP) in 2000 to better focus on the public health aspects of the Program.
- Developed a Drinking Water Quality Improvement Strategy outlining specific actions and milestones for Stage 1 of CALFED implementation.
- Awarded approximately \$2 million in federal funds for five projects to improve water quality in the Delta and to provide data that will guide future actions and decisions.
- Developed a grant program to assist local agencies with drinking water improvement projects in 2001.
- Developed and began a feasibility study of the re-circulation of water exported from the Delta through the state and federal water projects.

GOALS AND OBJECTIVES: The Drinking Water Quality Program's goal is to provide safe, reliable, and affordable drinking water to the 22 million Californians who rely on the Delta for all or part of their drinking water. To reach this goal, DWQP actions combine cost-effective improvements in source water quality, advancements in treatment technology, and innovations in water management. Overall, DWQP will strive to effectively integrate drinking water source protection, treatment, and distribution in order to improve public health protection. Furthermore, DWQP will support health effects research of Delta drinking water, and will perform comprehensive monitoring and assessment of Delta drinking water quality.

DWQP is a non-regulatory, incentive-based effort focused on improving Delta drinking water quality, with a regulatory backstop and a respect for issues of environmental justice. The Program's implementation strategy is to partner with existing local agencies and programs, and specifically for source water protection actions, to cooperatively improve water quality in the Delta on a watershed basis. CALFED staff will manage the DWQP in close coordination with the appropriate state and federal agencies, including the Department of Water Resources, California Department of Health Services, State Water Resources Control Board, Central Valley Regional Water Quality Control Board,



and US Environmental Protection Agency. In addition, two key stakeholder groups advise the program: the Delta Drinking Water Council (DDWC) and the Drinking Water Constituents Work Group (DWCWG). Ad hoc stakeholder groups advise the DWQP on a project specific basis and expert panels are commissioned on an as-needed basis.

ACCOMPLISHMENTS:

This year, CALFED agencies funded five projects totaling approximately \$2 million. These projects begin drinking water quality improvements and provide critical data that will guide evaluation of program actions and future decision-making.

The Bay Area Blending/Exchange Study

This will examine the feasibility of blending or exchanging source waters among Bay Area water utilities to achieve improvements in water quality. By working cooperatively, Bay Area water providers can more reliably provide an overall higher quality of water for all users.

The Veale-Byron Tract Project

This project will study the extent to which agricultural drainage, and floodwaters containing agricultural runoff, can be reduced or relocated in the Delta. Reducing these potential sources of contaminants from Veale and Byron Tracts could improve water quality at the intakes for the Contra Costa Water District that provides drinking water to 400,000 people.

The Real-Time Water Quality Monitoring Project

This project will provide better and quicker measurements of organic carbon at key locations in the Delta. This study will also provide a water quality baseline that will be the foundation for future CALFED agency actions and decision-making.



The Salinity and Selenium Project

This project will fund construction of a pilot plant that will treat agricultural drainage to remove salt and selenium and produce purified water for reuse. The project will also fund research conducted by UC Davis on the resultant brine for purification to commercial grades and marketability for beneficial salt products.

The Delta Contaminant Load Study

A study of the sources and magnitudes of contaminant loads in Delta water will also contribute to CALFED agencies water quality baseline of contaminants in drinking water, from which the effects of CALFED Program actions can be measured.

PUBLIC PARTICIPATION: CALFED agencies rely on two key stakeholder groups for the implementation of the Drinking Water Quality Improvement Strategy. The Delta Drinking Water Council consists of 15 representatives of diverse stakeholder interests and designated agencies with jurisdiction over drinking water matters. Based upon information from drinking water studies and other CALFED Program actions, the council makes recommendations to DWQP, CALFED agencies, and the Policy Group on treatment, health effects, alternative water sources, and changes or additions to conveyance, storage, and water project operations. The Council also relies upon expert panel reviews and the Drinking Water Constituents Work Group as a source of technical information for its recommendations.

The Drinking Water Constituents Work Group (DWCWG) provides key technical support and peer review to the DWQP. The work group, which met ten times during the year, identifies water quality actions and targets, and makes recommendations to the DWQP and DDWC for program implementation. The core of the DWCWG is a team of about two dozen specialists, primarily from local water utilities and state and federal agencies.

The work group helped develop the contents of CALFED's Water Quality Program Plan, including the studies and actions that are part of the Drinking Water Quality Improvement Strategy. For Delta water quality modeling, DWCWG is assisted by its sub-team, the Drinking Water Quality Operations Workgroup.

NEXT STEPS: In 2001, the Program will focus on:

- Continuing the five projects funded during 2000.
- Establishing permanent management of the DWQP.
- Soliciting projects that address the six drinking water areas mentioned in the ROD: alternative sources, health effects, source control, treatment, storage and operations, and conveyance improvements.
- Continuing to establish and develop liaisons with local, state, and federal agencies that implement specific DWQP actions.





WATER TRANSFERS

Every year, hundreds of thousands of acre-feet of water are successfully transferred between willing sellers and buyers. Water transfers can improve water availability for all users, including the environment. The Water Transfer Program will implement actions to facilitate water transactions and further develop the statewide water transfer market to play a more effective role in statewide water management. The Water Transfer Program Plan was completed this year along with the following accomplishments:

- Developed and made operational the On Tap California Water Market Information web site.
- Continued development of actions to streamline the current state and federal review and approval processes for water transfers.

GOALS AND OBJECTIVES: The goal of the Water Transfer Program is to encourage development of a more effective water transfer market that facilitates water transfers and streamlines the approval process, while protecting water rights, environmental conditions, and local economic interests. The objectives this past year were to identify and begin implementing the actions described in the July 2000 Water Transfer Program Plan. Many of these tasks focus on changing or refining policies and procedures of the agencies responsible for reviewing and approving most water transfer activities – California Department of Water Resources (DWR), US Bureau of Reclamation (USBR), and State Water Resources Control Board (SWRCB).

Specifically, efforts this year have focused on four actions:

On Tap web site: CALFED agencies and contractors are developing this water market information web site. CALFED agencies and interested stakeholders were briefed in anticipation of public availability of the web site on December 31. During November, a select group of stakeholders performed “usability testing” on the web site so that refinements could be made prior to the site being publicly available.

Recommendations to streamline current approval processes: As required in the ROD, the CALFED agencies are working closely with the SWRCB Water Transfer Work Group to draft recommendations to streamline the current DWR, USBR, and SWRCB transaction approval processes.

Clarification of carriage water requirements: The Bay-Delta Modeling Forum has undertaken a technical review of models that attempt to quantify carriage water. Expected early in 2001, the outcome of this effort will be used both for the SWRCB Phase 8 Water Right Hearing and by CALFED agencies. In turn, CALFED agencies will use the information to standardize the methodology used to quantify carriage water requirements so that transfer proponents proposing to move water across the Delta can appropriately account for this water assessment. The Forum is a joint agency/stakeholder entity that has a strong record of working to resolve technical disputes.

Definitions for transferable water: In association with the SWRCB's Water Transfer Work Group, CALFED agencies are guiding stakeholder and agency discussions aimed at understanding whether or not specific actions will yield transferable water. These discussions will conclude in late 2001 with a set of recommendations for policy changes, if needed, to provide greater certainty to water transfer proponents.

ACCOMPLISHMENTS:

- Developed and made operational the On Tap water market information web site.
- Convened a panel of stakeholders to draft streamlining recommendations that were submitted to the CALFED Policy Group in December 2000.

PUBLIC PARTICIPATION: In addition to stakeholder participation in developing recommendations to streamline the approval process and test the web site, stakeholders advised the CALFED Program throughout the development and revision of the Water Transfer Program Plan.

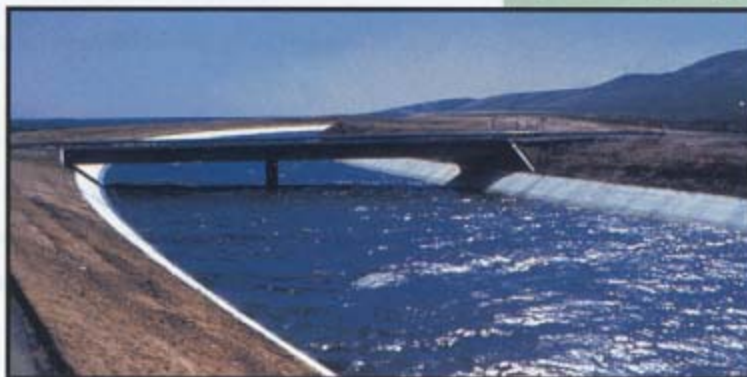
NEXT STEPS:

- Continue work on the On Tap web site. Features to be added include a "pending transaction" section, more detailed responses to questions and applications, and compliance with the Americans with Disabilities Act (ADA), a new requirement for all federal web sites.
- Develop the Water Transfer Information Clearinghouse. This entity will maintain and update the web site as well as perform other functions as detailed in the Water Transfer Program Plan.
- Begin efforts to implement recommendations to streamline DWR, USBR, or SWRCB approval processes. Implementation will take a minimum of two years once agreement on streamlining actions has been reached. CALFED agencies are working closely with the SWRCB Water Transfer Work Group, and they expect to have recommendations on implementing agreements (i.e., legislation, regulation, or SWRCB orders) by next year.

ON TAP
CALIFORNIA
WATER MARKET
INFORMATION



<http://ontap.ca.gov>





LEVEE SYSTEM INTEGRITY

Since the 19th century, more than 1,000 miles of levees have been built to protect Delta islands. Today, we rely on many of these same levees to protect the drinking water supply for 22 million Californians, as well as Delta agriculture, terrestrial habitat, and infrastructure. This year, the Levee System Integrity Program (Levee Program) completed the following accomplishments:

- Developed an initial strategy to guide Levee Program implementation.
- Began work on developing a Delta Dredge and Reuse Strategy.
- Began work on refining a Delta Emergency Management Plan.
- Began work on refining the Co-management Memorandum of Understanding.

GOALS AND OBJECTIVES: The primary goal of the Levee Program is to provide long-term protection for multiple Delta resources by maintaining and improving the integrity of the extensive Delta levee system. This includes secondary goals of addressing many complex and interrelated issues including:

- Improving levees to a higher standard for greater protection.
- Addressing permit and economic issues to enable expanded dredging and beneficial reuse of dredged material.
- Further improving emergency response capabilities.
- Reducing conflicts between levee maintenance and terrestrial and aquatic habitat resources on levees.
- Improving overall permit coordination.
- Improving subsidence control.
- Continuing to quantify risks to levees and implementing appropriate risk management strategies.
- Developing adequate and reliable funding.

The Department of Water Resources (DWR) and the US Army Corps of Engineers (USACE) co-manage the Levee Program.

ACCOMPLISHMENTS:

- Initiated actions to refine the Delta Emergency Management Plan.
- Began work on development of the Delta Risk Management Strategy.
- Began work on the Delta Dredge and Reuse Strategy.



The USACE is currently performing a comprehensive study of the Sacramento and San Joaquin River watersheds to improve flood control efforts. The CALFED agencies are coordinating with the USACE on the comprehensive study so that Levee Program and comprehensive study actions will be consistent.

PUBLIC PARTICIPATION: The Levee System Integrity Program Plan was developed with extensive stakeholder input, as well as with representatives from the appropriate state and federal agencies. The Levees and Channels Technical Team provided primary input and oversight of the Plan's preparation. Sub-teams provided input and oversight of more specific sections of the report. These included the Emergency Response Sub-team, the Subsidence Sub-team, the Seismic Sub-team, and the Suisun Marsh Investigation Team that performed extensive public outreach through workshops with Suisun Marsh landowners.

NEXT STEPS:

- Begin full implementation of the Levee Program during the next year.
- Facilitate discussion between the USACE and DWR to complete a Levee Program co-management plan by February 1, 2001.
- Oversee completion of the Risk Management Strategy by the successful contracting consultant.



SCIENCE

The Science Program is off to a very strong start to successfully integrate solid science into the CALFED Bay-Delta Program. The Science Program will provide the new information and scientific interpretations necessary to implement, monitor, and evaluate the success of CALFED Program actions and guide future decision-making.

First year goals outlined in the ROD were met and exceeded, and progress has been made towards 2001 goals through the following actions:

- Hosted the first CALFED Science Conference.
- Hired a Lead Scientist, program manager, and associate program manager.
- Began to develop a science plan for each CALFED program, and a process to incorporate peer review into the science program.

GOALS AND OBJECTIVES: The long-term goal of the Science Program is to establish a body of knowledge that is unbiased, relevant, authoritative, integrated across program elements, and communicated to the scientific community, CALFED agency managers, stakeholders, and the public.

The Science Program's implementation strategy began with hiring a lead scientist. The lead scientist is working to identify the role of science in the CALFED Program and establishing the level of world-class science called for in the ROD. To assure the quality of science, CALFED agencies will look outside the program for ideas and peer review. Traditional scientific mechanisms will be incorporated. To improve the scientific basis for decision-making, five approaches will be used: adaptive management, monitoring programs, interdisciplinary resolution of critical unknown facts and integrating those resolutions into the knowledge system, technical panels to evaluate and characterize critical issues, and results of the science communicated to both scientists and the general public.

ACCOMPLISHMENTS: Staffing for the Science Program has exceeded the stated goal, and the lead scientist is working with CALFED program staff, agencies, and stakeholders to further strengthen the program.

Other Science Program accomplishments include:

- Establishing a process to incorporate peer review into the CALFED Science Program to ensure a strong scientific component in all programs.



- Refining the competitive grants program.
- Defining a science plan for each CALFED program.
- Defining the role of the Interagency Ecological Program.
- Hosting the first CALFED Science Conference in early October 2000 that was attended by more than 500 scientists who listened to more than 100 presentations relating to science and Bay-Delta issues.
- Studying the fish migration and water quality issues related to operation of the Delta Cross Channelgates in the North Delta.

PUBLIC PARTICIPATION: The public participated in the Science Program through meetings and discussions with the Agency/Stakeholder Ecosystem Team, Bay Area Conservation and Development Commission, CALFED Science Conference, Department of Water Resources Environmental Specialists Conference, and Technical Committee for Dredge Re-use. Discussions with numerous key individuals from agencies and stakeholders are an on-going activity.

NEXT STEPS: In 2001, the Science Program will complete the initial requirements described in the ROD:

- Establish a scientific overview board for all aspects of the CALFED Program.
- Establish a scientific panel to evaluate the progress of the Environmental Water Account.
- Establish a science coordination committee for the science conducted in CALFED.



GOVERNANCE

As the CALFED Program evolves from program planning to program implementation, the need for a new governance structure is clear. How decisions are made and who makes them is essential to achieving the CALFED Program goals and an important assurance to stakeholders and elected officials.

Achievements in the area of governance include:

- The Implementation Memorandum of Understanding (MOU) was signed to accompany the ROD on August 28, 2000.
- Since the initial signing of the Implementation MOU, three additional state agencies have signed and become members of the CALFED Policy Group. The additional agencies are: Department of Health Services, Delta Protection Commission, and the State Reclamation Board.
- Agency lead roles and responsibilities for the conveyance program were established.

The long-term goal of CALFED is to establish a joint state-federal governance structure to oversee the long-term implementation of the CALFED Program. The intermediate first year goals were to complete an Implementation MOU by the time of the ROD, and propose legislation to establish a long-term governing structure. In the June 2000 Framework Agreement, the state and federal administrations agreed that a new joint federal-state commission should be created through state and federal legislation to oversee the long-term implementation of the CALFED Program.

INTERIM GOVERNANCE: Each agency that signed the MOU is a member of the CALFED Policy Group. The Policy Group provides Program oversight and coordination of Program implementation. Each CALFED agency retains its regulatory and management responsibilities. Nothing in the MOU affects these responsibilities and authorities. This agreement will continue until a long-term governance structure is established.

IMPLEMENTATION: The MOU identifies several programs that require further clarification of the roles and responsibilities for implementation by the CALFED agencies and Program staff. Agency leads for the conveyance program were established this year, and discussions are underway between the agencies and Program staff in order to meet the February 2001 deadlines for levee, drinking water quality, and watershed programs.



LONG-TERM GOVERNANCE: The CALFED Program is developing a draft long-term governance proposal for consideration by the State Legislature and the Congress in 2001. CALFED agencies will work closely with stakeholders, tribes, and elected officials to develop the governance proposal.

CALFED worked closely over several years with the Bay-Delta Advisory Council (BDAC) and the BDAC Governance Work Group to develop the principles and basic framework for the interim and long-term governing structure for CALFED implementation. CALFED will continue to solicit public input in the development of a long-term governing structure.

In addition, the charter for a new CALFED public advisory committee is being developed under the Federal Advisory Committee Act (FACA). The new advisory committee, which will replace BDAC, is expected to be established in 2001. The main purpose of the committee will be to provide advice on priorities, long-term plans, Program performance, balance, and integration.



LEGISLATIVE ACTIONS FOR 2000

During 2000, both the State Legislature and Congress considered several bills related to the CALFED Bay-Delta Program's objectives.

GROUNDWATER MANAGEMENT: AB 303 (Thomson) **Groundwater** creates the Local Groundwater Assistance Fund to award grants to local public agencies to carry out groundwater studies, groundwater monitoring, and management activities. (Chapter 708, Statutes of 2000). The CALFED Program will provide \$5 million in 2001 support this program.

WATER USE EFFICIENCY: SB 2095 (Johnston) **Water Recycling in Landscaping Act** affects a local public or private entity that produces recycled water. It requires notification to local agencies and adoption of recycled water ordinances (Chapter 510, Statutes of 2000).

WATER TRANSFERS: Several measures dealing with water transfer issues went before the Legislature in 2000, but did not pass. Issues ranged from establishing water transfer management councils and water transfer management plans, to fair compensation for using unused capacity in water conveyance facilities.

PROGRAM GOVERNANCE The Legislature considered, but did not pass this year, legislation establishing a new governance structure for the CALFED Bay-Delta Program. The CALFED agencies intend to seek new legislation regarding governance in early 2001.

PROGRAM FINANCING: AB 1740 (Ducheny) **Budget bill (Chapter 52, Statutes of 2000)** enacted the Budget Act of 2000 to finance state government for Fiscal Year 2000-01. The Budget Act appropriated \$261,078,000 from the General Fund and bond-financed funds to various state agencies to carry out the CALFED Program. The Budget Act provides that \$135 million of that amount may not be spent until a statute is enacted certifying that the projects or purposes are consistent with the CALFED Programmatic EIS/EIR. SB 1586 (Costa) **CALFED funds** would have satisfied that requirement, but the Legislature did not pass this measure in this session.

H.R.5483 (Packard) Energy and Water Development Appropriations Act, 2001 (Public Law 106-377) enacted appropriations to the Department of Interior and to the US Army Corps of Engineers for Federal Fiscal Year 2001 for water development projects (initially in HR 4733 **(Packard) Energy and Water Development Appropriations Act, 2001**). Although this bill did not appropriate federal funds explicitly for implementation of the CALFED Program, several projects and programs funded by the bill are related to and consistent with the CALFED Program objectives.



NEXT STEPS: Program Funding from State Government. As noted above, the Budget Act for the State Fiscal Year 2000-01 provides that \$135 million appropriated for implementation of the CALFED Bay-Delta Program may not be spent until a statute is enacted certifying that projects or purposes for which the funds are expended are consistent with an EIS/EIR certified by the state lead agency as required by the California Environmental Quality Act. The State will consider a measure to provide this certification early in 2001.

Additionally, the Governor's Budget for State Fiscal Year 2001-02, to be submitted to the Legislature in January 2001, will contain requests for continued funding for implementation of the CALFED Bay-Delta Program.

Authorization for Federal Appropriations. The CALFED agencies will seek legislation for authorizations and appropriations specifically for implementation of the CALFED Bay-Delta Program, in addition to project specific authorizations and appropriations.

Governance. The CALFED agencies intend to seek state and federal legislation in 2001 to establish and authorize a new CALFED governance structure. This legislation is essential to provide leadership, accountability, and stakeholder involvement in the process.

Water Transfers Review and Approval Process. CALFED agencies are working closely with a Water Transfer Work Group to streamline the water transfer review and approval process. Implementation of some of these recommendations may require legislation.

Water Transfers Wheeling Arrangements. The ROD indicates that it is necessary to encourage and promote water transfers by facilitating "wheeling" transactions and indicates that if legislation was not enacted during the 2000 legislative year to clarify the state's wheeling laws, the state administration will sponsor legislation in 2001.



FISCAL INFORMATION

By drawing heavily from state funds made available by the passage of propositions 13 and 204, the CALFED program met most of its funding commitments in 2000. Some program areas are underfunded because of an anticipated federal contribution that was not available. These programs include the Environmental Water Account, Watershed, and Science Programs.

The first year budget (1999-2000) includes \$586 million from state funds, \$42 million from federal agencies, and \$251 million from local sources. Without a much larger federal appropriation beginning next year, the program will not meet its ROD commitments.

The following tables summarize the anticipated funding needs for the first seven years, and the proposed expenditures for Year 1 of implementation:

Table 1. Table 1 (facing page), taken from the June 9, 2000, Framework for Action, provides the current estimates of CALFED projected expenditures and cost sharing for Stage 1 of the CALFED Program. These estimates are in current year dollars. Proposed expenditures in Years 5-7 are tentative and will be determined after ongoing evaluation of the effectiveness of the program investments during the Years 1-4 of Stage 1. Table 1 does not include the cost for CALFED Program oversight and coordination.

Table 2. Table 2 (page 52) shows the actual proposed expenditures for the CALFED Bay-Delta Program in the first year, by funding source. First year funding has increased in some program areas because of increased first year costs, such as the Environmental Water Account (EWA), or projects moving ahead of schedule, such as the Tracy Fish Test Facility under the Conveyance Program. Increases in first year funding do not affect the overall seven year total reflected in Table 1.

TABLE 1 - CALFED BAY-DELTA PROGRAM STAGE 1 PROJECTED EXPENDITURES (\$ in millions)

Program Element	Program Year(s)							Total	Cost Sharing (\$)		
	1	2	3	4	5	6	7		Federal	State	Other
Ecosystem Restoration ¹	\$270	\$215	\$175	\$170	\$170	\$170	\$170	\$1,340	\$520	\$520	\$300
Water Use Efficiency	\$31	\$62	\$299	\$641	\$641	\$641	\$641	\$2,956	\$759	\$759	\$1,438
Water Transfers	\$3	\$3	\$3	\$2	\$2	\$1	\$1	\$15	\$7.5	\$7.5	-
Watershed Management ²	\$40	\$45	\$45	\$45	\$45	\$40	\$40	\$300	\$138	\$138	\$24
Environmental Water Quality ³	\$15	\$33	\$38	\$48	\$50	\$48	\$48	\$280	\$90	\$90	\$100
Drinking Water Quality ³	\$41	\$78	\$82	\$110	\$116	\$120	\$128	\$675	\$200	\$200	\$275
Levees ⁴	\$33	\$76	\$78	\$82	\$45	\$65	\$65	\$444	\$142	\$88	\$34
Storage ⁵	\$50	\$75	\$138	\$208	\$266	\$349	\$339	\$1,425	\$237	\$237	\$200
Conveyance ⁶	\$29	\$66	\$150	\$198	\$220	\$160	\$98	\$921	\$188	\$381	\$193
CALFED Science Program	\$25	\$30	\$45	\$50	\$50	\$50	\$50	\$300	\$150	\$150	-
Total	\$537	\$683	\$1,053	\$1,554	\$1,605	\$1,644	\$1,580	\$8,656	\$2,432	\$2,571	\$2,564

¹ Proposed cost sharing for the ERP is a split between users (~\$35 million per year from a new broad-based fee & \$15 million per year in CVPIA Restoration Funds), and public dollars (assumed split equally between federal and state sources of funding). This table assumes revenues from new broad based fees would become available beginning in 2003. This includes \$50 million per year for the first four years for the Environmental Water Account.

² Cost shares include a 10% contribution from locals for community based watershed activities, with the rest funded equally between federal & state sources.

³ In general cost sharing is assumed to be 50/50 fed/state or 33/33/33 fed/state/user, depending on the action. Some water quality actions assume federal and state funding in the initial 2 years, with 100% of the funding in latter years from users.

⁴ Total cost includes the Suisun Marsh Levee Program, which provides substantial ecosystem, water quality, and flood control benefits. Cost shares do not include this program.

⁵ Initial funding will be largely state and federal sources. The cost share for surface storage construction has not been determined. Final cost shares (including reimbursements by beneficiaries) will depend on allocation of costs and identification of beneficiaries for individual projects. Cost sharing for full-scale groundwater storage projects assumes a 50% local match.

⁶ Total includes rough estimate for construction of the San Luis Reservoir Low Point Project, but cost sharing is not included because cost shares have not been determined.

TABLE 2 - CALFED BAY-DELTA PROGRAM YEAR 1 FUNDING BY SOURCE (\$ in millions)

Available Funding Sources																	
Program Element	Year 1 Framework Agreement Estimate ¹	Revised Year 1 Funding Needed	State Funding				Federal Funding				User Funding				Unmet Needs		
			State GF	Prop 204	Prop 13	Other State ²	State Subtotal	Bay Delta Act	USBR W&RR	Corps	Other Federal ⁴	Federal Subtotal	CVPIA RF	SWP		Other Local ³	User/Local Subtotal
Ecosystem Restoration	\$235	\$235		\$138.9	\$46.2	\$6.1	\$191.2		\$4.5	\$0.4	\$6.3	\$11.2	\$20.7	\$3.7	\$13.5	\$37.9	\$0
Environmental Water Account	\$50	\$86 ⁴	\$59.5				\$59.5					\$0				\$0	\$26.5
Water Use Efficiency ⁵	\$31	\$31	\$15.0		\$50.7		\$65.7		\$26.2			\$26.2			\$204.5	\$204.5	\$0
Water Transfers	\$3	\$3	\$3.0				\$3.0					\$0				\$0	\$0
Watersheds	\$40	\$40	\$20.0				\$20.0					\$0				\$0	\$20.0
Drinking Water Quality	\$41	\$48 ⁴	\$13.5		\$34.4		\$47.9					\$0				\$0	\$0
Levee System Integrity	\$33	\$33		\$1.7	\$28.5		\$30.2			\$0.3		\$0.3			\$5.0	\$5.0	\$0
Storage ⁵	\$50	\$50	\$23.3		\$81.8		\$105.1		\$1.8			\$1.8				\$0	\$0
Conveyance	\$29	\$44 ⁷	\$1.2		\$32.6		\$33.8		\$1.0			\$1.0		\$9.2		\$9.2	\$0
Science	\$25	\$25	\$13.0				\$13.0					\$0				\$0	\$12.0
CALFED Program Management, Oversight, and Coordination	-	\$21 ⁶	\$15.9	\$2.5			\$18.4	\$2.7				\$2.7				\$0	\$0
Total	\$537	\$616	\$164.4	\$143.1	\$274.2	\$6.1	\$587.8	\$2.7	\$33.5	\$0.7	\$6.3	\$43.1	\$20.7	\$12.9	\$223.0	\$256.6	\$58.4
1 Source for these cost estimates is "California's Water Future: A Framework for Action," June 9, 2000.																	
2 Includes state and federal matching funds for projects funded through the ERP 2001 Proposal Solicitation Package.																	
3 ERP amount includes local cost share for the 74 proposals recommended for funding this year through the 2001 Proposal Solicitation Package. Levees amount includes 25% local cost share for levee subventions. Water Use Efficiency amount includes non-federal funding for Title XVI water recycling programs/projects. Additional local contributions in other program areas will be estimated as information is available.																	
4 Environmental Water Account will be initially funded by Prop 204 and then reimbursed from CALFED general funds. Total funding needs are higher than Framework Agreement because power costs were not included in original estimate.																	
5 Total funding available in Year 1 is higher than the amount estimated in the Framework due to the availability of Prop 13 funding.																	
6 Total funding needed has been revised for Year 1 due to the availability of Prop 13 funding for Southern California Blending Program.																	
7 Total funding needed is higher than the amount estimated in the Framework due to the new schedule for Tracy Test Fish Facility construction in the first year. \$9.7 million of Tracy Fish Facility construction will be initially funded by Prop 204 South Delta Barriers and then reimbursed by Prop 13 Bay-Delta Multiple Purpose Water Management Program (Ch 9, Act 3).																	
8 This amount was not shown in the Framework document.																	

1 Source for these cost estimates is "California's Water Future: A Framework for Action," June 9, 2000.

2 Includes state and federal matching funds for projects funded through the ERP 2001 Proposal Solicitation Package.

3 ERP amount includes local cost share for the 74 proposals recommended for funding this year through the 2001 Proposal Solicitation Package. Levees amount includes 25% local cost share for levee subventions. Water Use Efficiency amount includes non-federal funding for Title XVI water recycling programs/projects. Additional local contributions in other program areas will be estimated as information is available.

4 Environmental Water Account will be initially funded by Prop 204 and then reimbursed from CALFED general funds. Total funding needs are higher than Framework Agreement because power costs were not included in original estimate.

5 Total funding available in Year 1 is higher than the amount estimated in the Framework due to the availability of Prop 13 funding.

6 Total funding needed has been revised for Year 1 due to the availability of Prop 13 funding for Southern California Blending Program.

7 Total funding needed is higher than the amount estimated in the Framework due to the new schedule for Tracy Test Fish Facility construction in the first year. \$9.7 million of Tracy Fish Facility construction will be initially funded by Prop 204 South Delta Barriers and then reimbursed by Prop 13 Bay-Delta Multiple Purpose Water Management Program (Ch 9, Art 3).

8 This amount was not shown in the Framework document.



PERMIT CLEARINGHOUSE

The Framework Agreement called for the establishment of a "permit clearinghouse" to coordinate and facilitate permit applications across all CALFED programs. A Memorandum of Understanding to describe the details of the permit clearinghouse was prepared this year as required by the ROD. The components of the permit clearinghouse process include a permit handbook, a permit tracking database, a non-binding dispute resolution process, and the establishment of permit coordinators. All of these items are underway and will be available to assist CALFED project managers as projects are developed. The permit tracking database will be linked with the CALFED Project Tracking System so that environmental compliance and permitting are integrated with project schedules. The permit handbook will not only assist project managers with permitting matters, but will provide guidance on tiering from the Final Programmatic EIS/EIR and ROD. It will explain how to incorporate the mitigation strategies and monitoring plan adopted in the ROD into project specific environmental documentation.

PROGRAM TRACKING

CALFED is implementing state-of-the-art project performance tracking software appropriate for controlling the large volume of work among all of its member agencies. Utilizing Primavera Project Planner (P3) and Vianovus Paragon, data from all the projects and milestones will be reported monthly using both internet and web-based technology. While it is no small task to coordinate \$8.7 billion of work over the next seven years between these agencies, the key lies in sound software, experienced staff, and flexibility to accommodate the broad range of projects, agencies, and geography. Standard procedures and contract language are being developed, which will require a consistent set of data from all participants, varying in detail according to the size of the project. Each agency will continue to utilize its existing in-house accounting programs and will provide simplified expenditure and progress data each month over a CALFED website. Data will roll into the master cost and schedule control systems each month, performance data will be generated, and reports provided to management for their action. Procedures will be implemented to control changes to the cost and schedule and to generate forecasts for each project in time to take management action. Reporting on program objectives will be integrated into the Tracking System, and progress reports on cost, schedule, and achievement of targets prepared on a regular basis.

LITIGATION

Following the certification of the final Programmatic EIS/EIR, three lawsuits were filed challenging the adequacy of that document. The suits, one filed by Regional Council of Rural Counties, Central and South Delta Water Agencies, and several individuals, the second by the Municipal Water District of Orange County, and the third by the California Farm Bureau Federation and several individuals, all seek a revised or new EIS/EIR and a halt to program implementation until such a document has been completed.

Litigation has long been a part of California water policy, including disputes over the management of the Delta. The CALFED Program seeks to move away from policy by litigation in favor of collaborative and comprehensive resource management, and is working to better address the goals and interests of all interested parties. The state and federal CALFED agencies are coordinating their defense of the final programmatic EIS/EIR, and proceeding with implementing the Preferred Program Alternative. Nothing in any of the lawsuits precludes the Program from moving ahead with implementation at this time.

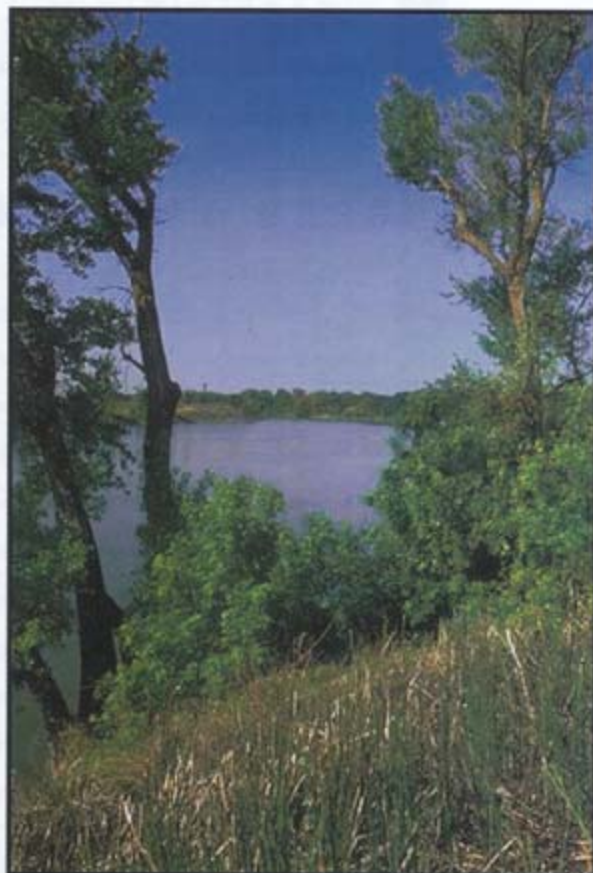


FUTURE DIRECTION

In 2001, CALFED agencies will continue to be involved in a vast number of projects in all Program areas. Although funding continues to be a challenge, many activities and projects are well under way as indicated throughout the annual report.

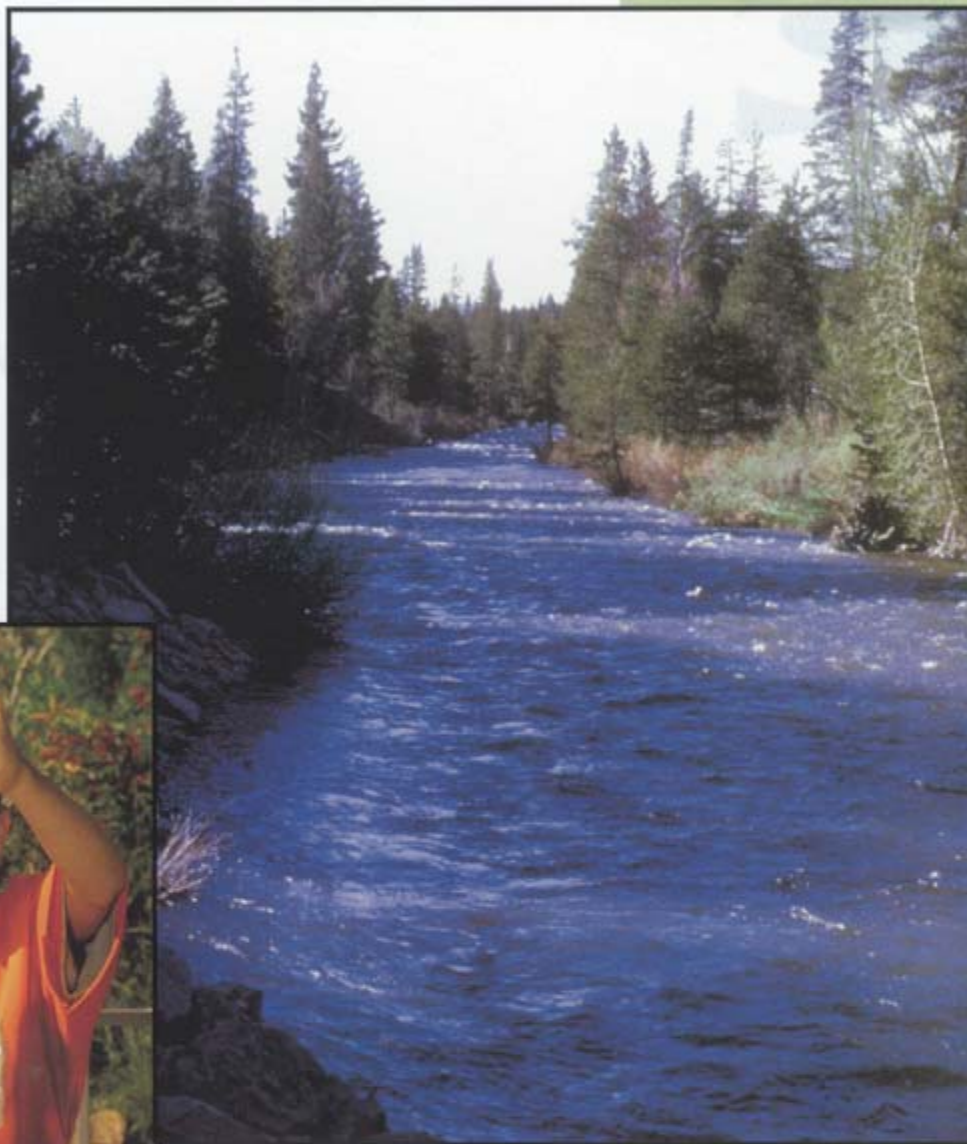
Key project activities that are anticipated in 2001 include:

- Implement grant funding for water conservation, recycling, groundwater storage, source water quality, water treatment, ecosystem restoration, and watershed projects.
- Start construction on the Tracy Fish Test Facility.
- Complete environmental documentation for the South Delta Improvements Project.
- Establish the Water Transfer Information Clearinghouse.
- Acquire second year assets for the Environmental Water Account (EWA).
- Establish a scientific overview board for the CALFED Program, and a scientific panel to evaluate the EWA.
- Initiate evaluation of the Los Vaqueros Reservoir expansion and Upper San Joaquin River surface storage projects in partnership with local interests.
- Refine quantifiable objectives for agricultural water use efficiency, and a certification process for Best Management Practices (BMPs) in urban areas.



Support from the state and federal governments is a critical part of the Program. The CALFED agencies will continue to work with Congress and the State Legislature to coordinate the federal and state budget proposals for the second and third years including:

- Refinement of Program cost estimates for future years.
- Refinement of cost-sharing estimates and funding sources.
- Development of a state and federal cost sharing agreement.



In 2001, the CALFED agencies will:

- Pursue new federal authorizations for the program.
- Seek second year state and federal appropriations, including appropriations under the current state bonds.
- Pursue the creation of a permanent governance structure that includes state, federal, tribal, stakeholder, and local participation.



REFERENCED DOCUMENTS

California's Water Future: A Framework for Action - June 9, 2000

Final Programmatic Environmental Impact Statement/Environmental Impact Report (EIS/EIR) - July 21, 2000

- Main Document (Impact Analysis) - 1,200 pages
- Executive Summary of EIS/EIR Main Document - 40 pages
- Phase II Report - 200 pages
- Implementation Plan - 190 pages
- Ecosystem Restoration Program Plan - 1,200 pages, four volumes
- Levee System Integrity Program Plan - 500 pages
- Water Quality Program Plan - 300 pages
- Water Use Efficiency Program Plan - 190 pages
- Water Transfer Program Plan - 100 pages
- Watershed Program Plan - 100 pages
- Multi-species Conservation Strategy - 500 pages
- Comprehensive Monitoring Assessment & Research Program Plan - 150 pages
- Response to Comments - 1,500 pages, three volumes

Record of Decision - August 28, 2000

These documents are available on the CALFED website at:

<http://calfed.ca.gov>

or can be obtained by contacting the CALFED office in writing or by phone:

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